

Financial Report

*Consolidated Waterworks District No. 1
of the Parish of Terrebonne,
State of Louisiana*

June 30, 2022



Financial Report

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of the Parish of Terrebonne,
State of Louisiana*

June 30, 2022

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June 30, 2022

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,
Consolidated Waterworks District No. 1
of the Parish of Terrebonne, State of Louisiana,
Houma, Louisiana.

Opinion

We have audited the accompanying financial statements of the Consolidated Waterworks District No. 1 (the "District"), a component unit of the Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District as of June 30, 2022 and the respective changes in net position, and cash flows in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for the twelve months beyond the financial statement date, including any currently know information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Schedule of Changes in the District's Total OPEB Liability and Related Ratios, the Schedule of the District's Proportionate Share of the Net Pension Liability and the Schedule of District Contributions on pages 5 through 10, 46, 47, and 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries with management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements. The information contained in Schedules 1 through 12 on pages 49 through 66 for the year ended June 30, 2022 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. That information, except for Schedules 6 through 9 on pages 59 through 63 marked "unaudited", has been subjected to the auditing procedures applied in the audit of the financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements and to the financial statements themselves, and other additional procedures in accordance with auditing procedures generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements for the year ended June 30, 2021, as a whole. Schedules 6 through 9 on pages 59 through 63 marked "unaudited" have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the statement of net position of Consolidated Waterworks District No. 1 as of June 30, 2021, 2020, 2019, and 2018, and the related statement of revenues, expenses and changes in net position for each of the four years ended June 30, 2021 (none of which is represented herein), and have issued

our reports thereon dated January 27, 2022, December 7, 2020, December 10, 2019, and December 13, 2018, respectively, which contained an unmodified opinion on those financial statements. The information contained in Schedules 10 through 12 on pages 64 through 66 for the years ended June 30, 2021, 2020, 2019, and 2018 is also presented for additional analysis and not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the accounting and other records used to prepare the financial statements as of and for the years ended June 30, 2021, 2020, 2019, and 2018. The information for the years ended June 30, 2021, 2020, 2019, and 2018, in Schedules 10 through 12 on pages 64 through 66 has been subjected to auditing procedures applied in the audits of those financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other procedures in accordance with auditing procedures generally accepted in the United States of America. In our opinion, the information presented in Schedules 10 through 12 on pages 64 through 66 for the years ended June 30, 2021, 2020, 2019, and 2018 is fairly stated in all material respects in relation to the financial statements as a whole from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2022 on our consideration of Consolidated Waterworks District No. 1's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Bougeois Bennett, L.L.C." in a cursive script.

Certified Public Accountants.

Houma, Louisiana,
December 14, 2022.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana

June 30, 2022

This section of the District's financial report presents our analysis of the District's financial performance during the year ended June 30, 2022. Please read it in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's change in net position was an increase of \$3.5 million.
- During the year, the District's operating revenues increased by \$0.4 million or 2.20%, while other operating expenses increased by \$0.2 million or 1.71%.
- Non-operating revenues increased by \$0.5 million or 100.00%.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of six parts: Management's Discussion and Analysis, Basic Financial Statements, Required Supplementary Information, Supplementary Information and Special Reports by Certified Public Accountants and Management. The financial statements also include notes to the financial statements, which explain some of the information in the financial statements in more detail.

REQUIRED BASIC FINANCIAL STATEMENTS

The financial statements of the District report information about the District using accounting methods similar to those used by private sector businesses. These statements offer short and long-term financial information about the District's activities.

The statement of net position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources and provides information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

All of the year's revenues and expenses are accounted for in the statement of revenues, expenses, and changes in net position. This statement measures the success of the District's operations over the year and can be used to determine whether the District has successfully recovered all its costs through its fees and other charges, profitability and credit worthiness.

REQUIRED BASIC FINANCIAL STATEMENTS (Continued)

The final required financial statement is the statement of cash flows. The primary purpose of this statement is to provide information about the District's cash receipts and cash payments throughout the year. This statement reports cash receipts, cash payments and net changes in cash resulting from operations, investing, and financing activities.

FINANCIAL ANALYSIS OF THE District

The statement of net position and the statement of revenues, expenses and changes in net position report information in a way that the reader can determine if the District is in a better financial position as a result of the year's activities. These statements report the net position of the District and changes in it. The net position (difference between assets deferred outflows of resources, liabilities and deferred inflows of resources) can be used to measure financial health or financial position. Over time, increases and decreases in the District's net position are one indicator as to whether its financial health is improving or deteriorating. There are other non-financial factors to consider, such as changes in economic conditions, population growth and new or changed government legislation.

NET POSITION

To begin our analysis, a summary of the District's statement of net position is presented below:

Condensed Statements of Net Position
(In millions of dollars)

	June 30,		Dollar	Total
	2022	2021	Change	Percent
Current and other assets	\$ 38.1	\$ 34.5	\$ 3.6	10.43%
Capital assets	93.6	95.9	(2.3)	-2.40%
Deferred outflows of resources	2.9	2.4	0.5	20.83%
Total assets and deferred outflows of resources	<u>\$134.6</u>	<u>\$132.8</u>	<u>\$ 1.8</u>	1.36%
Long-term debt and obligations outstanding	\$ 24.8	\$ 28.1	\$(3.3)	-11.74%
Current and other liabilities	5.3	5.2	0.1	1.92%
Deferred inflows of resources	5.8	4.3	1.5	34.88%
Total liabilities and deferred inflows of resources	<u>35.9</u>	<u>37.6</u>	<u>(1.7)</u>	-4.52%
Investment in capital assets, restated	74.1	74.5	(0.4)	-0.54%
Restricted	8.3	8.4	(0.1)	-1.19%
Unrestricted, restated	16.3	12.3	4.0	32.52%
Total net position	<u>98.7</u>	<u>95.2</u>	<u>3.5</u>	3.68%
Total liabilities and net position	<u>\$134.6</u>	<u>\$132.8</u>	<u>\$ 1.8</u>	1.36%

NET POSITION (Continued)

As can be seen from the previous table, net position increased \$3.5 million to \$98.7 million for the year ended June 30, 2022. This increase reflects capital projects, unrestricted net position (those that can be used to finance day-to-day operations) and restricted net position. Long-term debt and obligations decreased by \$3.3 million as a result of payments of bond principle and decreases in post-employment obligations for retiree health insurance. Also, amortization of bond premiums further decreased long-term debt.

**Condensed Statements of Revenues,
Expenses, and Changes in Net Position**
(In millions of dollars)

	June 30,		Dollar	Total
	2022	2021	Change	Percent
Operating revenues	\$ 17.8	\$ 18.2	\$ (0.4)	-2.20%
Non-operating revenues	1.0	0.5	0.5	100.00%
Total revenues	18.8	18.7	0.1	0.53%
Depreciation	3.8	3.7	0.1	2.70%
Other operating expenses	11.9	11.7	0.2	1.71%
Non-operating expenses	0.6	0.6	-	0.00%
Total expenses	16.3	16.0	0.3	1.97%
Change in net position before capital contributions	2.5	2.7	(0.2)	-7.41%
Capital contributions	1.0	0.5	0.5	100.00%
Change in net position	3.5	3.2	0.3	9.37%
Beginning net position	95.2	92.0	3.2	3.48%
Ending net position	<u>\$ 98.7</u>	<u>\$ 95.2</u>	<u>\$ 3.5</u>	3.68%

The statement of revenues, expenses, and changes in net position provide answers as to the nature and source of changes in net position. The District's operating revenues decreased by \$0.4 million to \$17.8 million or 2.20% primarily due to decreases in customer sales and services. Non-operating revenues increased by \$0.5 million primarily due to the receipt of insurance proceeds related to Hurricane Ida damages. Details regarding insurance proceeds and impaired assets can be found in Note 4. The District's other operating expenses increased \$0.2 million or 1.71% primarily due to \$0.8 million increase in other services and charges and a \$0.7 million decrease in personal services.

BUDGETARY HIGHLIGHTS

As required by revenue bond resolutions, the District adopts a line item budget no later than 30 days prior to the start of the following year. The budget is reviewed and amended as needed. During the year ended June 30, 2022, the budget was amended in the third and fourth quarters. The amendments reflected a decrease in operating income of \$1,682,662 associated with a decrease in operating revenues of \$818,212 and an increase in operating expenses of \$864,450 with less than anticipated personal services of \$2,402,240. A more detailed analysis of the District's budget is presented in the supplemental information section of this report.

CAPITAL ASSETS

As of June 30, 2022, the District had invested \$180.3 million in a broad range of infrastructure including water plants at Schriever and Houma and a distribution system throughout the Parish. In addition, the District's capital assets include a warehouse, administration facilities, vehicles, furniture and equipment as shown below. This amount represents a decrease of \$2.4 million, or 2.5%, over last year.

Capital Assets
(In millions of dollars)

	June 30,		Dollar	Total
	2022	2021	Change	Percent
				Change
Land	\$ 0.6	\$ 0.6	\$ -	0.0%
Water plant	43.2	43.4	(0.2)	-0.5%
Distribution system	129.2	128.7	0.5	0.4%
Administrative building	3.3	3.3	-	0.0%
Plant equipment	0.6	0.6	-	0.0%
Furniture and equipment	1.1	1.1	-	0.0%
Automobiles and trucks	1.2	1.3	(0.1)	-7.7%
Construction in progress	1.1	1.1	-	0.0%
Subtotal	180.3	180.1	0.2	0.1%
Less accumulated depreciation	86.8	84.2	2.6	3.1%
Net book value	<u>\$ 93.5</u>	<u>\$ 95.9</u>	<u>\$ (2.4)</u>	-2.5%

This year's capital improvements included:

- Various furniture and equipment purchases.
- Purchase of 7 service vehicles.
- Waterlines donated by developers.
- Purchase of meter and meter reading equipment.

LONG-TERM DEBT AND OBLIGATIONS

As of June 30, 2022, the District had approximately \$19.44 million in long-term debt (water revenue bonds). Also in the fiscal year, the District paid \$1.92 million in principal payments on outstanding debt. The District's unamortized bond premium as of June 30, 2022 amounted to \$5,080, which was a decrease of approximately \$12,400 compared to the prior year. More detailed information about the District's long-term debt is presented in Note 6 to the financial statements.

The District's water revenue bonds maintain an AA-/Stable rating from Standard and Poor's Rating Service.

Bond covenants allow for the issuance of additional debt, on a parity basis, subject to certain conditions. The major criterion is that annual net revenues must be at least 1.32 times the highest combined annual principal and interest requirements. The District currently carries a coverage ratio of 1.41 down from last year's ratio of 1.88.

As of June 30, 2022, the District's obligation for postemployment health care was \$7.4 million, which is a decrease of \$1.3 million for the year ended June 30, 2022 and a net current year credit of \$0.9 million. More information on the District's postemployment health care obligation is presented in the Note 7 to the financial statements.

As of June 30, 2022, the District's proportional share of the net pension (liability) asset amounted to \$2.2 million net pension asset. For the year ended June 30, 2022 the net pension asset increased \$1.3 from the prior year asset. More information on the District's proportional share of the net pension asset of the Parochial Employees Retirement System is presented in the Note 8 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District's Board of Commissioners and management considered many factors when setting the fiscal year 2023 budget. Some of those factors is the economy of Terrebonne Parish since Hurricane Ida in August 2021 and the increased inflation rate of the U.S. The District's customer base, both commercially and residentially, has decreased as a result of Hurricane Ida in August 2021. Revenues from water sales and services available for recovering operating expenses are projected to be \$17.5 million, \$0.3 million less than actual operating revenues in fiscal year 2022. Budgeted operating expenses, including depreciation and amortization, are expected to increase over actual for the fiscal year 2022 by 9.71% to \$17.5 million. Budgeted personal services costs, affected by COLA increases due to the high inflation rate, and an increase in group insurance costs, are anticipated to increase over actual for the fiscal year 2022 by 37.04% to \$8.1 million. Supplies and materials are expected to decrease \$0.1 million or 5.6% to \$1.9 million while other services and charges are anticipated to decrease \$0.9 million or 23.08% to \$3.9 million.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. If you have questions about this report or need additional financial information, contact Consolidated Waterworks District No. 1 Terrebonne Parish Consolidated Government, State of Louisiana, Office Manager, P. O. Box 630, Houma, LA 70361.

STATEMENT OF NET POSITION

Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana

June 30, 2022

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Current

Cash and cash equivalents	\$ 20,151,690
Accounts receivable:	
Customers	1,268,509
Unbilled water sales	1,176,057
Allowance for uncollectible accounts	(384,265)
Interest receivable	24,896
Insurance accrual	1,738,610
Due from State of Louisiana:	
Office of Homeland Security and Emergency Preparedness	134,256
Department of Transportation and Development	2,264
Department of Health and Hospitals	19,191
Inventory of materials and supplies	848,222
	<hr/>
Total current assets	24,979,430

Restricted Cash and Cash Equivalents

Meter Deposit Fund	2,598,360
Revenue Bond Sinking Fund	1,523,129
Bond Reserve Fund	2,094,379
Depreciation and Contingencies Fund	4,688,569
Construction 2012 Fund	1,911
	<hr/>
Total restricted cash and cash equivalents	10,906,348

Capital Assets

Non-depreciable	1,730,083
Depreciable, net	91,827,047
	<hr/>
Total capital assets	93,557,130

Net Pension Asset

	2,193,956
	<hr/>
Total assets	131,636,864

Deferred Outflows of Resources

Bond refunding	369,643
Other postemployment benefits	2,283,958
Pensions	290,050
	<hr/>
Total deferred outflows of resources	2,943,651
	<hr/>
Total assets and deferred outflows of resources	\$ 134,580,515

LIABILITIES AND DEFERRED INFLOWS OF RESOURCES

Current

Payable from current assets:	
Accounts payable and accrued expenses	\$ 592,910
Payable from restricted assets:	
Accrued interest on bonds	98,325
Revenue bonds:	
Bonds payable	2,010,000
Unamortized bond premium	5,080
Meter deposits	2,598,360
	<hr/>
Total current liabilities payable from restricted assets	4,711,765
	<hr/>
Total current liabilities	5,304,675
	<hr/>

Long-Term

Revenue bonds:	
Bonds payable	17,436,052
Other postemployment benefit obligation	7,372,324
	<hr/>
Total long-term liabilities	24,808,376
	<hr/>
Total liabilities	30,113,051
	<hr/>

Deferred Inflows of Resources

Other postemployment benefits	4,093,813
Pensions	1,671,690
	<hr/>
Total deferred inflows of resources	5,765,503
	<hr/>
Total liabilities and deferred inflows of resources	35,878,554
	<hr/>

Net Position

Net investment in capital assets	74,104,087
Restricted for:	
Debt service	3,617,508
Renewal and replacement	4,688,569
Unrestricted	16,291,797
	<hr/>
Net position	98,701,961
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Total liabilities, deferred inflows of resources and net position	<u><u>\$ 134,580,515</u></u>
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**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION**

**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**

For the year ended June 30, 2022

OPERATING REVENUES

Revenues from water sales and services	\$ 17,198,648
Other operating revenues	<u>579,827</u>
Total operating revenues	<u>17,778,475</u>

OPERATING EXPENSES

Personal services	5,139,176
Supplies and materials	2,002,432
Other services and charges	4,814,355
Depreciation	<u>3,726,534</u>
Total operating expenses	<u>15,682,497</u>

Operating income	<u>2,095,978</u>
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NON-OPERATING REVENUES (EXPENSES)

Investment income	56,306
Intergovernmental	207,688
Impairment gain	803,136
Loss on disposal of property and equipment	(68,857)
Amortization of bond premium	12,402
Bond interest	<u>(611,167)</u>
Net non-operating revenues	<u>399,508</u>

Change in net position before capital contributions	2,495,486
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CAPITAL CONTRIBUTIONS

Change in net position	<u>3,511,424</u>
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NET POSITION

Beginning of year	<u>95,190,537</u>
End of year	<u><u>\$ 98,701,961</u></u>

See notes to financial statements.

STATEMENT OF CASH FLOWS**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**

For the year ended June 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 17,654,305
Cash payments to suppliers for goods and services	(6,878,046)
Cash payments to employees for services and benefits	<u>(6,726,123)</u>
Net cash provided by operating activities	<u>4,050,136</u>

**CASH FLOWS FROM CAPITAL AND RELATED
FINANCING ACTIVITIES**

Acquisition and construction of capital assets	(1,664,606)
Proceeds from insurance	321,612
Intergovernmental capital project grants	330,533
Principal paid on outstanding debt	(1,924,000)
Interest paid on outstanding debt	<u>(583,732)</u>
Net cash used in capital and related financing activities	<u>(3,520,193)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	<u>32,844</u>
Net increase in cash and cash equivalents	562,787

CASH AND CASH EQUIVALENTS

Beginning of year	<u>30,495,251</u>
End of year	<u><u>\$ 31,058,038</u></u>

CLASSIFIED AS

Current assets	\$ 20,151,690
Restricted assets	<u>10,906,348</u>
Total cash and cash equivalents	<u><u>\$ 31,058,038</u></u>

**RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES**

Operating income	\$ 2,095,978
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	3,726,534
Bad debts	80,858
Other post employment benefit obligations	(960,286)
Pension	(646,995)
(Increase) decrease in assets:	
Accounts receivable	(213,439)
Inventory of material and supplies	(95,756)
Prepaid insurance	26,868
Increase in liabilities:	
Accounts payable and accrued expenses	27,963
Meter deposits	8,411
	<u>1,954,158</u>
Total adjustments	<u>1,954,158</u>
Net cash provided by operating activities	<u><u>\$ 4,050,136</u></u>

**NON CASH OPERATING, CAPITAL AND RELATED FINANCING
ACTIVITIES AND INVESTING ACTIVITIES**

Capital assets received in noncash capital contributions	<u><u>\$ 1,015,938</u></u>
Amortization of bond premium	<u><u>\$ 12,402</u></u>
Insurance proceeds accrual	<u><u>\$ 1,738,610</u></u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**

June 30, 2022

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements conform to accounting principles generally accepted in the United States of America for local governmental units as prescribed by the Governmental Accounting Standards Board (GASB). The more significant of the District's accounting policies are described below:

a) Reporting Entity

Following Louisiana legislation passed in the 1992 session, the Terrebonne Parish Consolidated Government passed an ordinance creating the Consolidated Waterworks District No. 1 of the Parish of Terrebonne (the "District") for the purpose of providing water services to the citizens of Terrebonne Parish. On July 1, 1994 Waterworks District Nos. 1, 2, 3 of Terrebonne Parish and the City of Houma water system transferred cash, investments and other net assets to the District.

GASB Statement No. 14, *The Financial Reporting Entity*, GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units - an amendment of GASB Statement No. 14*, GASB Statement No. 61, *The Financial Reporting Entity: omnibus and amendment of GASB Statement No. 14 and No. 34*, and GASB Statement No. 80, *Blending Requirement for Certain Component Units*, established the criterion for determining which component units should be considered part of the District for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
2. Whether the governing authority appoints a majority of the board members of the potential component unit.
3. Fiscal interdependency between the District and the potential component unit.
4. Imposition of will by the District on the potential component unit.
5. Financial benefit/burden relationship between the District and the potential component unit.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Reporting Entity (Continued)

The District has reviewed all of its activities and determined there are no potential component units which should be included in its financial statements.

It has been determined based upon the above criteria that the District is a component unit of the Terrebonne Parish Consolidated Government and will be included in its comprehensive financial report for the year ending December 31, 2022.

b) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The basic financial statements provide information about the District's business activities. The financial statements for business-type activities are also often referred to as enterprise fund financial statements.

"Measurement Focus" is an accounting term used to describe which transactions and types of balances are recorded within the various financial statements. The expression, "Basis of Accounting", refers to when transactions or events are recorded regardless of the measurement focus applied.

The District utilizes a single stand-alone enterprise fund for its business-type activities. The Fund is used to account for water intake, purification, distribution and sales activities, and the related administrative functions.

Because of the "businesslike" characteristics of operations, the accompanying financial statements report using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives of the "economic resources" measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Under full accrual accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred or economic asset used, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

In governmental accounting, the enterprise fund is used to account for operations that are financed and operated in a manner similar to private business or where the Board of Directors has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

As the means for delivering services to its customers, the District utilizes water production plants and water distribution systems. To provide the resources that are necessary to pay for these utility services and the related support functions, the District charges its customers monthly user fees which are based on the specific level of services that they are receiving. Because the operations of the District closely mirror those of a typical, commercial company, its accounting records reflect a similar approach for measuring its business activity.

The District's various bond indentures require the establishment of certain accounts which are referred to as "funds". These required accounts are maintained as part of the accounting records of the District. They include the Revenue Bond Sinking Fund, Bond Reserve Fund, and Depreciation and Contingencies Fund. These are not "funds" as the term is used in generally accepted accounting principles but are separate "accounts" used to delineate the accounting and reporting for bond-related money and repayment security requirements.

The balances and activity that occur in these various accounts represent specific segments of the District as reported in the District's basic financial statements. Additional compliance information about these accounts is presented in Note 6 and a separate supplemental schedule that follow the basic financial statements.

The enterprise fund used by the District distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with the District's principal ongoing operations. The principal operating revenues are charges to customers for sales and services that are provided to them. The District also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water system. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

c) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers cash and cash equivalents to include amounts in checking accounts and investments in certificates of deposits with maturities of three months or less when purchased and the Louisiana Asset Management Pool (LAMP).

LAMP is an external pool which is operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met.

e) Accounts Receivable

Accounts receivables are stated at the amount management expects to collect from outstanding balances. Balances are considered past due 30 days from the invoice date. Management provides an allowance for probable uncollectible amounts based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance and a credit to accounts receivable.

f) Inventory of Material and Supplies

Inventory of materials and supplies are valued at net realizable value, using the first-in first-out (FIFO) method, which approximates the average cost method.

g) Restricted Assets

Specific assets are required to be segregated as to use and are therefore identified as restricted assets. Certain assets are restricted pursuant to restrictions arising from various bond indenture agreements (See Note 6).

h) Capital Assets

Capital assets purchased or acquired with an original cost of \$1,000 or more are valued at historical costs or estimated cost if purchased or constructed. Donated capital assets are valued at their estimated fair value on the date donated. The costs of normal maintenance and repairs that do not add value to the asset or materially extend its useful life are not capitalized. Major outlays for capital assets and improvements are capitalized at completion of construction projects.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Capital Assets (Continued)

Depreciation of all capital assets, excluding land and construction in progress, is calculated over the estimated useful lives using the straight-line method as follows:

<u>Type of Capital Asset</u>	<u>Depreciation Rate</u>
Water plant	2%
Water plant - filters	20%
Distribution system	2% - 4%
Distribution system - tank painting and improvements	33%
Administrative building	5%
Plant equipment	10%
Furniture and equipment	10% - 20%
Automobiles and trucks	20%

i) Long-Term Debt

Long-term debt and other obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond payable balances are reported net of applicable bond premium and discount.

j) Accumulated Unpaid Vacation and Sick Leave

The District accrues vacation and sick leave benefits in the period earned. Full-time employees of the District shall be entitled to vacation with pay and shall accrue vacation time in the following manner:

After first year	Five days (40 hours)
After second year through ninth year	Ten days (80 hours)
Ten years or more	Fifteen days (120 hours)

Employees may not accumulate and carry forward vacation time beyond the year earned, which is January 1 through December 15. Accumulated and unpaid vacation leave is due to the employee at the time of termination of employment. Although sick leave accumulates and is available for employees when needed, it does not vest nor is it payable at termination of employment.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the statement of net position will sometimes report a separate section for deferred outflows and inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting as deferred outflows of resources: bond refunding, OPEB and pension related deferred outflows. The District has two items that qualify for reporting as deferred inflows of resources: OPEB and pension related inflows of resources.

A bond premium or discount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized by the interest method over the shorter of the life of the refunded debt or the refunding debt. See Note 6 for additional information regarding bond refunding, See Note 7 for information regarding OPEB related deferred outflows and inflows of resources and Note 8 for information regarding deferred outflows and inflows of resources related to pensions.

l) Contracts Payable

Liability for work performed on contracts is recognized as the work is incurred.

m) Revenues and Expenses

Operating revenue and expenses consist of those revenues and expenses that result from the ongoing principal operations of the District. Operating revenues consist primarily of charges for services. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from non-exchange transactions or ancillary activities.

When an expense is incurred for purposes for which there are both restricted and unrestricted net assets available, it is the District's policy to apply those expenses to restricted assets to the extent such are available and then to unrestricted net position.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Parochial Employees' Retirement System of Louisiana (the "System") and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

o) Net Position

Net position comprised the various net earnings from operating income, non-operating revenues, expenses and capital contributions. Net position is classified into the following three components:

- **Net Investment in Capital Assets** - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets.
- **Restricted** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted** - This component of net assets consists of net position that do not meet the definition of "restricted" or "net investment in capital assets".

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) New GASB Statements

During the year ended June 30, 2022, the District implemented the following GASB Statements:

Statement No. 87, *“Leases”* increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. This Statement did not affect the financial statements as of and for the year ended June 30, 2022.

Statement No. 92, *“Omnibus 2020”* establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers, postemployment benefits, government acquisitions and financing, insurance related activities of public risk pools, fair value measurements and derivative instruments. This Statement did not affect the financial statements as of and for the year ended June 30, 2022.

Statement No. 93, *“Replacement of Interbank Offered Rates”* provides for those governments that have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates. This Statement will preserve the consistency and comparability of reporting hedging derivative instruments and leases after governments amend or replace agreements to replace an IBOR. This Statement did not affect the financial statements as of and for the year ended June 30, 2022.

Statement No. 97, *“Certain Component Unit Criteria and Accounting and Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32”* provides objectives to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2)

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) New GASB Statements (Continued)

mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. This Statement did not affect the financial statements as of and for the year ended June 30, 2022.

Statement No. 98, “*The Annual Comprehensive Financial Report*” establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym sounds like a profoundly objectionable racial slur. This Statement did not affect the financial statements as of and for the year ended June 30, 2022.

The GASB has issued the following Statements which will become effective in future years as shown below:

Statement No. 94, “*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*” improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in the Statement a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or non-governmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or a capital asset (the underlying PPP asset), for a period of which a government compensates an operator for services that may include design, constructing, financing, maintaining or operating an underlying nonfinancial asset for a period of time in an exchange or exchange like transaction. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining or operating an underlying nonfinancial asset for a period of time in an exchange or exchange like transaction. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. Management has not as yet determined the effect of the Statement on the financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) New GASB Statements (Continued)

Statement No. 96, “*Subscription-Based Information Technology Arrangements*” provides guidance on accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87 “*Leases*”, as amended. Under this Statement a government should recognize a right to use subscription asset and a corresponding subscription liability at the commencement of the subscription term. The subscription liability should be measured at the present value of subscription payments. Future subscription payments should be discounted using the interest rate the vendor charges the government or the government’s incremental borrowing rate. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example interest expense) in future financial reporting periods. Activities associated with SBITAs, other than subscription payments, should be grouped into three stages and costs meeting specific capitalization criteria, including costs necessary to place the subscription asset in service, should be capitalized in the subscription asset, otherwise costs should be expensed as incurred. This Statement provides an exception for short-term SBITAs of 12 months or less, including options to extend. Subscription payments for short-term SBITAs should be expensed as incurred. This Statement requires disclosure of descriptive information about SBITAs other than short-term SBITAs. The requirements of this Statement are effective for years beginning after June 15, 2022. Management has not as yet determined the effect of this Statement on the financial statements.

Statement No. 99, “*Omnibus 2022*” provides objectives to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements and accounting and financial report for financial guarantees. The requirements of this Statement apply to all financial statements at dates varying from upon issuance to fiscal periods beginning after June 15, 2023. Management has yet to determine the effect of this Statement on the financial statements.

Statement No. 100, “*Accounting Changes and Error Corrections - An Amendment of GASB Statement No. 62*” provides guidance to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. Management has yet to determine the effect of this Statement on the financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) New GASB Statements (Continued)

Statement No. 101, “*Compensated Absences*” provides guidance to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. Management has yet to determine the effect of this Statement on the financial statements.

Note 2 - BUDGET

The Board is required by revenue bond resolutions to adopt a line item budget for the District within thirty days of the end of its fiscal year for the following year. The Board adopted a line item budget for the year ended June 30, 2022. The budget was amended twice during the year. The budget is prepared on a basis in accordance with accounting principles generally accepted in the United States of America. All revisions to the budget must be approved by the Board. The budget lapses at year-end.

Note 3 - DEPOSITS AND INVESTMENTS

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States or other federally insured investments, certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana, guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations.

Bank Deposits

State law requires deposits (cash and certificates of deposits) of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or with a trust company for the account of the political subdivision.

Note 3 - DEPOSITS AND INVESTMENTS (Continued)

The year end balances of deposits are as follows:

	Bank Balances	Reported Amount
Cash	\$ 7,390,561	\$ 6,695,738
Certificates of deposit	4,745,000	4,745,000
Totals	<u>\$ 12,135,561</u>	<u>\$ 11,440,738</u>

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a written policy for custodial credit risk. As of June 30, 2022, \$10,626,489 of the District's bank balance of \$12,135,561 was exposed to credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent and are deemed to be held in the District's name by state statutes.

As of June 30, 2022, cash and certificates of deposits were adequately collateralized in accordance with state law by securities held by unaffiliated banks for the account of the District. The GASB, which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the deposits are considered subject to custodial credit risk under the provisions of GASB Statement No. 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Investments

State statutes authorize the District to invest in obligations of the U.S. Treasury, agencies and instrumentalities; guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations; repurchase agreements; and the Louisiana Asset Management Pool (LAMP).

As a means of limiting its exposure to fair value losses arising from interest rates, interest rate risk, the District's investment policy limits investments to securities with less than six months from the date of purchase unless the investment is matched to a specific cash flow. Due to this policy, we are showing all investments with maturity dates less than three months from the date of purchase as cash and cash equivalents.

Note 3 - DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments in external investment pools are not exposed to custodial credit risk because of their natural diversification and the diversification required by the Securities and Exchange District.

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's investment policy requires the application of the prudent-person rule. The policy states, *investments shall be made with the judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. Primary emphasis shall be placed upon the safety of such funds in an effort to minimize risk while earning maximum returns.* The District's investment policy limits investments to those discussed earlier in this note. LAMP has a Standard & Poor's Rating of AAAm.

The District places no limit on the amount the District may invest with anyone issuer. Investments issued by or explicitly guaranteed by the U.S. Government, and external investment pools are exempt from concentration of credit risk exposures.

State statutes authorize the District to invest in obligations of the U.S. Treasury, agencies and instrumentalities; guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations; repurchase agreements; and the Louisiana Asset Management Pool (LAMP).

LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed or backed by the U.S. Treasury, the U.S. Government or one of its agencies, enterprises or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days.

Note 3 - DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value. For purposes of determining participants' shares, investments are valued at amortized cost. The fair value of participant's position is the same as the value of the pool shares. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. Investments in LAMP as of June 30, 2022 amounted to \$19,617,000 and are classified on the statement of net position as unrestricted and restricted "Cash and Cash Equivalents".

A reconciliation of deposits and investments as shown on the statement of net position is as follows:

Cash on hand	\$ 300
Reported amount of deposits	11,440,738
Reported amount of investments	<u>19,617,000</u>
Total	<u>\$ 31,058,038</u>
Classified as:	
Current assets	\$ 20,151,690
Restricted assets	<u>10,906,348</u>
Total	<u>\$ 31,058,038</u>

Note 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows:

	Balance July 1, 2021	Additions	Adjustments and Deletions	Balance June 30, 2022
Capital assets not being depreciated:				
Land	\$ 581,471	\$ -	\$ -	\$ 581,471
Construction in progress	1,117,350	330,481	(299,219)	1,148,612
Total capital assets not being depreciated	1,698,821	330,481	(299,219)	1,730,083
Capital assets being depreciated:				
Water plant	42,797,938	63,982	(612,711)	42,249,209
Water plant - water filters	637,000	283,100	-	920,100
Distribution system	128,125,211	2,115,179	(1,650,467)	128,589,923
Distribution system - tank painting and improvements	637,662	-	-	637,662
Administrative building	3,272,933	-	-	3,272,933
Plant equipment	590,852	-	-	590,852
Furniture and equipment	1,109,778	20,282	-	1,130,060
Automobiles and trucks	1,258,555	169,508	(204,445)	1,223,618
Total capital assets being depreciated	178,429,929	2,652,051	(2,467,623)	178,614,357
Less accumulated depreciation for:				
Water plant	(21,854,353)	(738,374)	275,625	(22,317,102)
Water plant - water filters	(176,000)	(212,333)	-	(388,333)
Distribution system	(57,949,909)	(2,269,946)	658,840	(59,561,015)
Distribution system - tank painting and improvements	(283,633)	(127,531)	-	(411,164)
Administrative building	(1,729,962)	(107,120)	-	(1,837,082)
Plant equipment	(552,392)	(19,124)	-	(571,516)
Furniture and equipment	(636,657)	(110,567)	-	(747,224)
Automobiles and trucks	(1,016,781)	(141,538)	204,445	(953,874)
Total accumulated depreciation	(84,199,687)	(3,726,533)	1,138,910	(86,787,310)
Total capital assets being depreciated, net	94,230,242	(1,074,482)	(1,328,713)	91,827,047
Total capital assets, net	\$95,929,063	\$ (744,001)	\$ (1,627,932)	\$93,557,130

Additions to the distribution system include the estimated fair value of newly completed waterlines donated to the District by developers. The donated waterlines amount to \$1,015,938 for the year ended June 30, 2022.

Reported as adjustments, \$299,219 are the completion and reclassification of capital projects to their functional asset groupings, which had been previously accounted for as construction in progress.

Note 4 - CAPITAL ASSETS (Continued)

Impairments and Insurance Proceeds

On August 29, 2021, Hurricane Ida severely impacted the District. Numerous capital assets were damaged and are still being repaired and replaced. In accordance with GASB Statement No. 42, *“Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries”*, the District has reviewed the various capital assets (a) to determine potential impairments from Hurricane Ida through inspection of physical damage and (b) to test for impairment to determine if the magnitude of the decline in service utility of the capital asset is significant and whether the decline in service utility is not part of the normal life cycle of the capital asset. For those properties that are impaired and will continue to be used by the District, a portion of the historical cost of the asset and associated accumulated depreciation will be written off using the Restoration Cost Approach which states that the amount of impairment is derived from the estimated costs to restore the utility of the capital asset.

Impaired capital assets that will no longer be used by the District will be reported at the lower of carrying value or fair value. The District incurred significant roof, exterior and interior damage to the Houma and Schriever water plant along with damage to various tanks and waterlines throughout Terrebonne Parish. The District received insurance recoveries.

In 2022, the District recognized realized insurance recoveries which are reported net of impairments. The following table identified insurance proceeds related to damaged capital assets and other activities as well as resulting impairment gains (losses), which are reported in the non-operating section of Exhibit B.

	Insurance Proceeds	Costs of Assets	Accumulated Depreciation of Assets	Book Value of Assets	Impairment Gains
Water plant	\$ 525,138	\$ 612,711	\$ (300,239)	\$ 312,472	\$212,666
Distribution system	1,165,967	1,644,916	(700,302)	944,614	221,353
Mitigation and repair labor	111,268	-	-	-	111,268
Loss of income	236,237	-	-	-	236,237
Vehicles	21,612	-	-	-	21,612
Totals	<u>\$2,060,222</u>	<u>\$2,257,627</u>	<u>\$ (1,000,541)</u>	<u>\$ 1,257,086</u>	<u>\$803,136</u>

Note 5 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses as of June 30, 2022 consisted of the following:

Vendors	\$ 346,259
Salaries and benefits	240,227
State of Louisiana	
Department of Revenue (sales tax)	<u>6,424</u>
Total	<u>\$ 592,910</u>

Note 6 - LONG-TERM OBLIGATIONS

Activity in long-term obligations for the year ended June 30, 2022 was as follows:

	<u>Balance July 1, 2021</u>	<u>Obligations Retired</u>	<u>New Issues</u>	<u>Balance June 30, 2022</u>	<u>Current Amounts</u>
Revenue bonds	\$ 21,370,052	\$ (1,924,000)	\$ -	\$ 19,446,052	\$ 2,010,000
Unamortized bond premium	17,482	(12,402)	-	5,080	5,080
Other postemployment benefits	<u>8,660,807</u>	<u>(1,288,483)</u>	<u>-</u>	<u>7,372,324</u>	<u>-</u>
Totals	<u>\$ 30,048,341</u>	<u>\$ (3,224,885)</u>	<u>\$ -</u>	<u>\$ 26,823,456</u>	<u>\$ 2,015,080</u>

Note 6 - LONG-TERM OBLIGATIONS (Continued)

Revenue bonds as June 30, 2022 consists of the following:

Revenue Refund Bonds Series 2019 payable in the amount of \$14,320,000, issued December 12, 2019 with an average yield of 2.86% to refund \$12,960,000 of outstanding Water Revenue Bonds Series 2012A and are scheduled to mature November 1, 2037.	\$14,060,000
Taxable Water Revenue Bonds, Series 2014A payable in the amount of \$4,200,000, issued December 23, 2014, with a yield of 2.95% (plus a 5% annual administrative fee) for the purpose of constructing and acquiring improvements and extensions to the District's waterworks system. The bonds were purchased by the Louisiana Department of Health and Hospitals and bond proceeds are distributed from time to time as construction progresses. The terms of the Loan and Pledge Agreement accompanying the bonds contain a 30% principal forgiveness provision on each draw down limited to \$1,125,000. Additional borrowings of \$1,038,948, after application of 30% principal forgiveness, are available as of June 30, 2022, after application of unreimbursed costs. The bonds are scheduled to mature November 1, 2035.	1,665,052
Revenue Refund Bonds, Series 2014 payable in the amount of \$5,995,000, issued May 6, 2014, with a premium of \$195,243 and a yield of 2.92%, to refund \$6,610,000 of outstanding Water Revenue Refunding Bonds, Series 2003A and are scheduled to mature November 1, 2023.	2,115,000
Revenue Bonds, Series 2012A payable in the amount of \$1,765,000, issued October 30, 2012 with a premium of \$9,375 for the purpose of constructing and acquiring improvements and extensions to the District's waterworks system, with a yield of 4.00 %, and final maturity November 1, 2022.	610,000

Note 6 - LONG-TERM OBLIGATIONS (Continued)

Water Revenue Bonds, Series 2010 payable in the amount of \$1,900,000, issued December 29, 2010, with a yield of 2.95% (plus a 5% annual administrative fee) for the purpose of constructing and acquiring improvements and extensions to the District's waterworks system. The bonds were purchased by the Louisiana Department of Health and Hospitals and are scheduled to mature November 1, 2030.

996,000

Total

\$19,446,052

The annual requirements to amortize debt outstanding for water revenue bonds, assuming full issuance of the Taxable Water Revenue Bonds, Series 2014A, as of June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest	Totals
2023	\$ 2,010,000	\$ 545,436	\$ 2,555,436
2024	2,094,000	484,512	2,578,512
2025	1,036,000	443,818	1,479,818
2026	1,060,000	418,006	1,478,006
2027	1,088,000	390,576	1,478,576
2028 - 2032	5,801,000	1,487,282	7,288,282
2033 - 2037	5,927,000	634,118	6,561,118
2038 - 2039	1,125,000	18,270	1,143,270
Totals	<u><u>\$ 20,141,000</u></u>	<u><u>\$ 4,422,018</u></u>	<u><u>\$ 24,563,018</u></u>

Under the terms of the bond indentures for outstanding Water Revenue Bonds, principal and interest is secured and payable solely from a pledge of the income and revenues to be derived from the operations of the District. All revenues must be deposited in the District and required transfers made to the following accounts (funds) on a monthly basis after the payment of operating expenses:

a) Revenue Bond Sinking Fund

Monthly transfers are required to this Fund in an amount necessary to make the principal and interest payments as they become due. The Fund is restricted for this purpose.

Note 6 - LONG-TERM OBLIGATIONS (Continued)

b) Bond Reserve Fund

The Reserve Fund is required to be funded in an amount equal to the lesser of (i) 10% of the proceeds of the bonds, (ii) the highest combined principal and interest requirements for any succeeding year or (iii) 125% of the average aggregate amount of principal and interest becoming due.

Monies in the amount of \$2,094,379 have been deposited into this Fund. This amount is equal to 125% of the average aggregate amount of principal and interest becoming due in any future year on the District's outstanding water revenue bonds. The Fund is restricted to the payment of principal and interest in case of default.

c) Depreciation and Contingencies Fund

Monthly transfers of 5% of gross revenues of the District for the preceding month are required. The Fund is restricted to payments for extensions, additions, improvements, renewals and replacements necessary to properly operate the District. It will also be used to pay principal and interest if there are not sufficient funds in the Revenue Bond Sinking Fund and Bond Reserve Fund.

d) Bond Requirements

The accounting requirements of the bond resolution for Water Revenue Bonds, as stated in a) through c) above, have been complied with for the year ended June 30, 2022.

Obligations for other postemployment benefits and net pension liability/asset are described in Notes 7 and 8, below.

Note 7 - POSTEMPLOYMENT HEALTHCARE BENEFITS

Plan Description

The District administers a single employer defined benefit healthcare plan (the "Plan"). The Plan provides for the payment of medical, prescription drugs, dental, long-term care, life insurance and Medicare supplement premiums for eligible employees, retirees and their dependents as allowed by policy set by the Board of Directors. The District funds 85% premium for all active employees. For employees hired prior to November 17, 2017, the District will continue to pay 100% of the insurance premiums for retirees with at least twenty years of service upon retiring from the Parochial Employees' Retirement System, see Note 8. For employees hired on or after November 17, 2017, the District will require retirees to make premium contributions at the same rate as active employees at the retirement. The District does not issue a publicly available financial report on the Plan.

Note 7 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Employee Covered by Benefit Terms

As of June 30, 2022, the following employees were covered by the benefit terms.

Inactive employees currently receiving benefits payments	41
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>80</u>
 Total	 <u><u>121</u></u>

Total OPEB Liability

The District's total OPEB liability of \$7,372,324 was measured as of June 30, 2022, and was determined by an actuarial valuation as of July 1, 2021.

Actuarial Assumptions and Other Inputs

The total OPEB liability as of June 30, 2022 measurement date was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Note 7 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Measurement Date	June 30, 2022
Actuarial Valuation Date	July 1, 2021
Inflation	3.00%
Salary Increases, Includes Inflation	3.00%
Discount Rate	3.69%
Healthcare Cost Trend Rates	Pre-65 Medical 6.50% in year 1 then decreasing in decrements of 0.25% per year until 5.00% in years 7 through 10.
	Medicare Supplement 3.00% in years through 10.
	Dental 4.50% in year 1 then decreasing in decrements of 0.25% per year until 4.00% in years 3 through 10.
Mortality Rates	PubG.H-2010 Employee and Healthy Retiree Mortality Table, Generational with Projection Scale MP-2020.
Retirees' Share of Benefit-Related Costs	Retirees hired prior to 11/21/2017 have no contribution requirements. Retirees hired on or after 11/21/2017 are required to contribute the same amount as active employees at the time of their retirement, which is currently 15% of insurance premiums. Retirees are eligible to continue their medical, dental, long-term care, and life insurance coverage. To be eligible, an employee must retire from the District, be eligible to receive retirement Parochial Employees' Retirement System and have 20 years of service with the District.

Note 7 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

The discount rate was based on June 30, 2022 Fidelity General Obligation AA 20-Year Yield.

Changes in Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2021	<u>\$ 8,660,807</u>
Changes for the year:	
Service cost	227,165
Interest	320,107
Difference between expected and actual experience	1,125,071
Changes in assumptions	(1,700,462)
Change in benefit terms	(844,723)
Benefit payments	<u>(415,641)</u>
Net changes	<u>(1,288,483)</u>
Balance at June 30, 2022	<u><u>\$ 7,372,324</u></u>

Sensitivity to the total OPEB Liability to Change in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or higher than the current discount rate.

	1.0% Decrease (2.69%)	Current Discount Rate (3.69%)	1.0% Increase (4.69%)
Total OPEB Liability	<u>\$ 8,404,308</u>	<u>\$ 7,372,324</u>	<u>\$ 6,517,928</u>

Sensitivity to the total OPEB Liability to Change in the Health Cost Trend Rates

The following table presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower pre-65 medical, prescription drugs, Medicare supplement, and dental or 1% higher pre-65 medical, prescription drugs, Medicare supplement and dental than the current healthcare cost trend rates.

Note 7 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

	<u>1.0% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1.0% Increase</u>
Total OPEB Liability	<u>\$ 6,394,050</u>	<u>\$ 7,372,324</u>	<u>\$ 8,626,582</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the District recognized a credit amounting to \$960,286 for OPEB activity. As of June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 1,384,725	\$ 1,395,345
Changes in assumptions	<u>899,233</u>	<u>2,698,468</u>
Totals	<u>\$ 2,283,958</u>	<u>\$ 4,093,813</u>

Amounts reported as deferred outflows or resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>For the Year Ended June 30,</u>	<u>Amount</u>
2023	\$ 247,195
2024	247,190
2025	277,056
2026	277,056
2027	277,056
Thereafter	<u>484,302</u>
Total	<u>\$ 1,809,855</u>

Note 8 - PENSION PLAN

Plan Description. The District contributes to Plan B of the Parochial Employees' Retirement System of Louisiana ("System"), a cost-sharing, multiple-employer defined benefit pension plan established by Act 205 of the 1952 regular session of the Legislature of the State of Louisiana to provide retirement benefits to all employees of any parish in the State of Louisiana or any governing body or a parish which employs persons serving the parish. Act 765 of the year 1979, established by the Legislature of the State of Louisiana, revised the System to create Plan A and Plan B to replace the "regular plan" and the "supplemental plan". Plan A was designated for employers out of Social Security. Plan B was designated for those employers that remained in Social Security on the revision date. The System is governed by Louisiana Revised Statutes, Title 11, Section 1901 through 2025, specifically and other general laws of the State of Louisiana.

Benefits Provided. The System provides retirement, deferred retirement, disability and death benefits. Retirement benefits are generally equal to 2.0% of the member's final average compensation multiplied by the years of creditable service. For members hired prior to January 1, 2007 they may retire with full benefits at age 55 upon completing 30 years of service, retire at age 60 after completing 10 years of service or retire at age 65 after completing 7 years of service. For members hired on or after January 1, 2007 they may retire with full benefits at age 55 after completing 30 years of service, retire at age 62 after completing 10 years of service or retire at age 67 after completing 7 years of service. Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the System. When a member enters DROP their status changes from active to retired even though they continue to work and draw their salary for up to three years and defer the receipt of benefits. During the three year period, employer contributions continue but employee contributions cease. The election to participate in DROP is irrevocable once participation begins. The monthly retirement benefits are paid into the DROP Fund. Upon termination of employment a participant in DROP may receive a lump sum equal to payments into the participant's account, an annuity or a roll over to an Individual Retirement Account. Members hired before January 1, 2007 with 5 or more years of service who become disabled may receive retirement benefits determined in the same manner as retirement benefits. Members hired after January 1, 2007 with 7 or more years of service who become disabled may receive retirement benefits determined in the same manner as retirement benefits. Death benefits are payable to eligible surviving dependents based on the deceased member's years of creditable service and compensation and the dependent's relationship to the deceased member. The System provides permanent benefit increases, cost of living adjustments (COLA) as approved by the State Legislature.

Contributions. According to state statute, contributions for all employers are actuarially determined each year. For the year ending December 31, 2021, the actuarial employer contribution rate was 7.07% of member's compensation. However, the actual rate of 7.50% was in effect for the year ended December 31, 2021.

Note 8 - PENSION PLAN (Continued)

According to state statute, the System also receives ¼ of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. The System also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities.

Contributions to the System from the District were \$341,365 for the year ended June 30, 2022.

Pension Asset. As of June 30, 2022, the District reported a net pension asset of \$2,193,956 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021 and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The District's proportion of the net pension asset was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of December 31, 2021, the District's proportion was 3.926117%, which was an increase of 0.23710% from its proportion measured as of December 31, 2020.

Pension Benefit. For the year ended June 30, 2022, the District recognized pension benefit of \$305,630.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. As of June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 41,689	\$ (233,163)
Net difference between projected and actual earnings on pension plan investments	-	(1,429,283)
Changes in assumptions	88,135	-
Changes in proportion	-	(9,244)
Contributions subsequent to the measurement date	<u>160,226</u>	<u>-</u>
	<u>\$290,050</u>	<u>\$ (1,671,690)</u>

Note 8 - PENSION PLAN (Continued)

The District reported \$160,226 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>For the Year Ended June 30,</u>	<u>Amount</u>
2023	\$ (320,162)
2024	(639,263)
2025	(429,057)
2026	<u>(153,384)</u>
Total	<u><u>\$ (1,541,866)</u></u>

Actuarial Assumptions. A summary of the actuarial methods and assumptions used in determining the total pension asset as of June 30, 2022 are as follows:

Valuation Date	December 31, 2021
Actuarial Cost Method	Entry Age Normal Cost
Actuarial Assumptions:	
Expected Remaining	
Service Lives	4 years
Discount Rate	6.40%
Projected Salary Increases	4.25%
Inflation Rate	2.30%
Mortality Rates	Pub-2010 Public Retirement Plans Mortality Table for Health Retirees multiplied by 130% for males and 125% for females using MP2018 scale for annuitant and beneficiary mortality. For employees, the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females using MP2018 scale. Pub-2010 Public Retirement Plan Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females using MP2018 scale for disabled annuitants.
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

Note 8 - PENSION PLAN (Continued)

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the capital asset pricing model (CAPM) (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward-looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.10% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.00% for the year ended June 30, 2022.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2022 are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	33.00%	0.85%
Equity	51.00%	3.23%
Alternatives	14.00%	0.71%
Real assets	<u>2.00%</u>	<u>0.11%</u>
Totals	<u>100.00%</u>	4.90%
Inflation		<u>2.10%</u>
Expected Arithmetic Nominal Return		<u>7.00%</u>

Discount Rate. The discount rate used to measure the collective pension liability was 6.40%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note 8 - PENSION PLAN (Continued)

Sensitivity of the District's Proportionate Share of the Collective Net Pension (Asset) Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the collective net pension asset using the discount rate of 6.40%, as well as what the District's proportionate share of the net pension (asset) liability would be if it were calculated using a discount rate that is one percentage-point lower (5.40%) or one percentage-point higher (7.40 %) than the current rate:

	1.0% Decrease (5.40%)	Current Discount Rate (6.40%)	1.0% Increase (7.40%)
District's proportionate share of the net pension liability (asset)	<u>\$(189,465)</u>	<u>\$(2,193,956)</u>	<u>\$(3,870,249)</u>

Pension Plan Fiduciary Net Position. The Parochial Employees' Retirement System of Louisiana issued a stand-alone audit report on their financial statements for the year ended June 30, 2022. Access to the audit report can be found on the System's website, www.persla.org or on the Louisiana Legislative Auditor's website, www.lla.la.gov.

Note 9 - LITIGATION

The District is involved in disputes in the normal course of business. Management believes the resolution of these matters will not have a material effect on the District's financial position or the results of operations. Accordingly, no obligations for claims or litigation have been recognized in the financial statements.

Note 10 - BOARD MEMBERSHIP AND COMPENSATION OF BOARD DIRECTORS

Included in administrative expenses is the per diem payments and mileage reimbursement to members of the Board of Directors. In accordance with the State of Louisiana Statutes Directors receive \$60 per meeting attended, limited to 24 regularly scheduled meetings and 12 special meetings each year. Beginning in November 2021, Directors received \$161 per meeting attended.

Board members	Number of Meetings Attended	Payments for		Total Amount
		Meetings Attended	Expenses	
Charles Brown	24	\$ 3,258	\$ 124	\$ 3,382
Vincent Celestin	27	3,640	191	3,831
Teri Chatagnier	25	3,419	363	3,782
Kenneth Ellender	20	2,513	137	2,650
Stephen Hornsby	23	2,996	277	3,273
Thomas Wilbert	19	2,554	61	2,615
John Pizzolatto	27	3,640	79	3,719
Clifton Stoufflet	27	3,640	58	3,698
Chester Voisin	20	2,715	506	3,221
Totals		<u>\$28,375</u>	<u>\$1,796</u>	<u>\$30,171</u>

Note 11 - CONCENTRATIONS

In May 2013, voters in Terrebonne Parish approved a 2.11 mill parish-wide ad valorem tax dedicated to the Bayou Lafourche Freshwater District. The tax, which was initially assessed November 1, 2013, provides for voting membership by representatives of Terrebonne Parish on the Bayou Lafourche Freshwater District Board. The District purchases its raw water supply from the Bayou Lafourche Freshwater District. The cost of raw water to the District is based upon the amount of water drawn from Bayou Lafourche and has been established \$.03 per 1,000 gallons. For the year ended June 30, 2022, the District recognized \$148,272 as raw water expenses for purchases from the Bayou Lafourche Freshwater District.

Note 12 - SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through December 14, 2022, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION SECTION

**SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL
OPEB LIABILITY AND RELATED RATIOS**

**Consolidated Waterworks District No. 1 of the Parish of Terrebonne
State of Louisiana**

For the five years ended June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability					
Service cost	\$ 227,165	\$ 238,661	\$ 354,006	\$ 322,329	\$ 312,941
Interest	320,107	179,880	255,113	309,233	343,327
Changes of benefit terms	(844,723)	-	-	-	-
Difference between expected and actual experience	1,125,071	(1,364,163)	576,673	(1,002,989)	745
Changes in assumptions or other inputs	(1,700,462)	649,790	(1,780,418)	1,181,522	-
Benefit payments	(415,641)	(343,937)	(327,197)	(271,084)	(289,714)
Net change in total OPEB liability	(1,288,483)	(639,769)	(921,823)	539,011	367,299
Total OPEB liability, beginning of year	<u>8,660,807</u>	<u>9,300,576</u>	<u>10,222,399</u>	<u>9,683,388</u>	<u>9,316,089</u>
Total OPEB liability, end of year	<u>\$ 7,372,324</u>	<u>\$ 8,660,807</u>	<u>\$ 9,300,576</u>	<u>\$ 10,222,399</u>	<u>\$ 9,683,388</u>
Covered employee payroll	<u>\$ 3,914,688</u>	<u>\$ 4,484,297</u>	<u>\$ 4,353,686</u>	<u>\$ 4,109,709</u>	<u>\$ 3,990,009</u>
Total OPEB liability as a percentage of covered employee payroll	<u>188.32%</u>	<u>193.14%</u>	<u>213.63%</u>	<u>248.74%</u>	<u>242.69%</u>

Notes to schedule:

Changes of benefit terms:

2022	Employees hired on or after 11/1/2017 are required to contribute 15% of the premium at retirement. Surviving spouses can remain on the plan for 6 months after the death of the retiree.
2021	None
2020	None
2019	None
2018	None

Changes of assumptions and other inputs

reflected the effects of changes in
the discounts rate each period:

<u>3.62%</u>	<u>1.92%</u>	<u>2.45%</u>	<u>3.13%</u>	<u>3.62%</u>
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The schedule is provided prospectively beginning with the District's fiscal year ended June 30, 2018 and is intended to show a ten year trend. Additional years will be reported as they become available.

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**

For the seven years ended June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
District's proportion of the net pension liability	<u>3.92612%</u>	<u>3.68902%</u>	<u>3.89082%</u>	<u>3.98228%</u>	<u>3.90618%</u>	<u>3.66580%</u>	<u>3.54379%</u>
District's proportionate share of the net pension liability (asset)	<u>\$ (2,193,956)</u>	<u>\$ (947,067)</u>	<u>\$ (281,486)</u>	<u>\$ 1,075,874</u>	<u>\$ (491,478)</u>	<u>\$ 476,214</u>	<u>\$ 631,681</u>
District's covered-employee payroll	<u>\$ 4,484,331</u>	<u>\$ 4,225,109</u>	<u>\$ 4,322,363</u>	<u>\$ 4,166,089</u>	<u>\$ 3,961,167</u>	<u>\$ 3,651,837</u>	<u>\$ 3,410,054</u>
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	<u>-48.92%</u>	<u>-22.42%</u>	<u>-6.51%</u>	<u>25.83%</u>	<u>-12.41%</u>	<u>13.040%</u>	<u>18.524%</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)	<u>-114.20%</u>	<u>-106.76%</u>	<u>-102.05%</u>	<u>91.93%</u>	<u>-104.02%</u>	<u>95.50%</u>	<u>93.48%</u>

The schedule is provided prospectively beginning with the District's fiscal year ended June 30, 2016 and is intended to show a ten year trend. Additional years will be reported as they become available.

SCHEDULE OF DISTRICT CONTRIBUTIONS

**Consolidated Waterworks District No. 1 of the Parish of Terrebonne
State of Louisiana**

For the seven years ended June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contributions	\$ 341,365	\$ 310,996	\$ 327,312	\$ 315,554	\$ 318,864	\$ 313,116	\$ 299,993
Contributions in relation to the contractually required contribution	<u>(341,365)</u>	<u>(310,996)</u>	<u>(327,312)</u>	<u>(315,554)</u>	<u>(318,864)</u>	<u>(313,116)</u>	<u>(299,993)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 4,551,528</u>	<u>\$ 4,146,611</u>	<u>\$ 4,364,163</u>	<u>\$ 4,207,381</u>	<u>\$ 4,114,857</u>	<u>\$ 3,913,945</u>	<u>\$ 3,516,491</u>
Contributions as a percentage of covered-employee payroll	<u>7.50%</u>	<u>7.50%</u>	<u>7.50%</u>	<u>7.50%</u>	<u>7.75%</u>	<u>8.00%</u>	<u>8.53%</u>

The schedule is provided prospectively beginning with the District's fiscal year ended June 30, 2016 and is intended to show a ten year trend. Additional years will be reported as they become available.

SUPPLEMENTARY INFORMATION SECTION

**SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

**Consolidated Waterworks District No. 1 of the Parish of Terrebonne
State of Louisiana**

For the year ended June 30, 2022

Agency Head Name: Michael Sobert, General Manager

Purpose	<u>Amount</u>
Salary	\$ 171,108
Benefits - insurance	15,071
Benefits - retirement	12,833
Benefits - other	-
Car allowance	-
Vehicle provided by government	744
Per diem	-
Reimbursements	420
Travel	-
Registration fees	489
Conference travel	256
Continuing professional education fees	1,290
Housing	-
Unvouchered expenses	-
Meals	-
	<u><u>\$ 202,211</u></u>

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION (BUDGET AND ACTUAL)**

**Consolidated Waterworks District No. 1 of the Parish of Terrebonne
State of Louisiana**

For the year ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
OPERATING REVENUES				
Revenues from water sales and services	\$ 18,107,000	\$ 17,250,400	\$ 17,198,648	\$ (51,752)
Other operating revenues	425,598	463,986	579,827	115,841
Total operating revenues	18,532,598	17,714,386	17,778,475	64,089
OPERATING EXPENSES				
Personal services	7,879,066	7,541,416	5,139,176	2,402,240
Supplies and materials	1,684,950	1,956,450	2,002,432	(45,982)
Other services and charges	3,795,950	4,726,550	4,814,355	(87,805)
Depreciation and amortization	3,726,534	3,726,534	3,726,534	-
Total operating expenses	17,086,500	17,950,950	15,682,497	2,268,453
Operating income	1,446,098	(236,564)	2,095,978	2,332,542
NON-OPERATING REVENUES (EXPENSES)				
Investment income	25,000	20,000	56,306	36,306
Intergovernmental	-	-	207,688	207,688
Impairment gain	-	321,612	803,136	481,524
Loss on disposal of property and equipment	-	-	(68,857)	(68,857)
Amortization of bond premium	12,402	12,402	12,402	-
Bond interest	(611,167)	(611,167)	(611,167)	-
Total non-operating revenues (expenses)	(573,765)	(257,153)	399,508	656,661
Change in net position before capital contributions	872,333	(493,717)	2,495,486	2,989,203
CAPITAL CONTRIBUTIONS	1,015,938	1,015,938	1,015,938	-
Change in net position	\$ 1,888,271	\$ 522,221	3,511,424	\$ 2,989,203
NET POSITION				
Beginning of year			95,190,537	
End of year			\$ 98,701,961	

SCHEDULE OF OPERATING REVENUES (BUDGET AND ACTUAL)**Consolidated Waterworks District No. 1 of the Parish of Terrebonne
State of Louisiana**

For the year ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUE FROM WATER SALES AND SERVICE CHARGES				
Customers	\$ 17,650,000	\$ 16,750,000	\$ 16,688,005	\$ (61,995)
Parish of Lafourche	34,000	34,000	35,167	1,167
Service connection fees	168,000	260,400	265,440	5,040
Meter installation fees	130,000	145,000	148,556	3,556
Penalties - reconnections	125,000	61,000	61,480	480
Total revenue from water sales and service charges	<u>18,107,000</u>	<u>17,250,400</u>	<u>17,198,648</u>	<u>(51,752)</u>
OTHER OPERATING REVENUES				
Service agreements:				
Sewerage districts	225,000	225,000	221,454	(3,546)
Garbage collections	133,000	133,000	109,841	(23,159)
LA Act 125	25,000	25,000	25,293	293
Miscellaneous:				
Other	42,598	80,986	223,239	142,253
Total other operating revenues	<u>425,598</u>	<u>463,986</u>	<u>579,827</u>	<u>115,841</u>
Total operating revenues	<u>\$ 18,532,598</u>	<u>\$ 17,714,386</u>	<u>\$ 17,778,475</u>	<u>\$ 64,089</u>

SCHEDULE OF DEPARTMENTAL EXPENSES (BUDGET AND ACTUAL)**Consolidated Waterworks District No. 1 of the Parish of Terrebonne
State of Louisiana**

For the year ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
ADMINISTRATIVE				
Personal services:				
Salaries	\$ 504,000	\$ 504,000	\$ 498,493	\$ 5,507
Other postemployment benefit costs	35,960	35,960	(108,541)	144,501
Employee group insurance	119,000	119,000	111,406	7,594
Payroll taxes	51,000	51,000	48,354	2,646
Retirement	37,800	37,800	(33,467)	71,267
Total personal services	747,760	747,760	516,245	231,515
Supplies and materials:				
Office supplies and expense	50,000	62,000	66,889	(4,889)
Gasoline and oil	2,000	2,000	2,129	(129)
Total supplies and materials	52,000	64,000	69,018	(5,018)
Other services and charges:				
Accounting and consulting	55,000	46,000	45,700	300
Attorney	80,000	65,000	54,640	10,360
Board meetings	17,000	30,000	30,172	(172)
Bond agent fees	2,600	4,100	17,865	(13,765)
Consulting engineer	15,000	15,000	18,526	(3,526)
Insurance and bonds	30,000	30,000	35,664	(5,664)
Janitorial services	24,000	24,000	24,000	-
Publish proceedings	5,000	5,000	2,560	2,440
Radio communications	28,000	28,000	21,817	6,183
Repairs and maintenance:				
Equipment and building repairs -				
Hurricane Ida	-	20,000	17,248	2,752
Equipment and building repairs	40,000	40,000	42,749	(2,749)
Truck and auto repairs	1,000	1,000	677	323
Seminars and schools	18,000	18,000	7,787	10,213
Utilities - office	25,000	35,000	31,993	3,007
Total other services and charges	340,600	361,100	351,398	9,702
Total administrative	1,140,360	1,172,860	936,661	236,199
BILLING AND COLLECTIONS				
Personal services:				
Salaries	391,000	391,000	389,206	1,794
Other postemployment benefit costs	63,444	63,444	(72,145)	135,589
Employee group insurance	145,000	134,000	129,909	4,091
Payroll taxes	38,200	38,200	35,915	2,285
Retirement	29,000	29,000	(25,854)	54,854
Total personal services	666,644	655,644	457,031	198,613

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
BILLING AND COLLECTIONS (Continued)				
Supplies and materials:				
Gasoline and oil	2,000	2,000	2,129	(129)
Office supplies and expense	67,000	67,000	68,787	(1,787)
Total supplies and materials	69,000	69,000	70,916	(1,916)
Other services and charges:				
Collection agency	4,500	500	233	267
Data processing	60,000	65,000	65,893	(893)
Equipment maintenance/lease	220,000	230,000	71,205	158,795
Insurance and bonds	74,000	74,000	20,150	53,850
Merchant card fees	25,000	25,000	231,281	(206,281)
Postage	240,000	243,000	249,655	(6,655)
Radio communications	25,000	30,000	29,443	557
Repairs and maintenance:				
Truck and auto repairs	500	500	284	216
Seminars and schools	2,500	100	345	(245)
Telephone	-	-	352	(352)
Total other services and charges	651,500	668,100	668,841	(741)
Total billing and collections	1,387,144	1,392,744	1,196,788	195,956
METER READING				
Personal services:				
Salaries	476,000	476,000	468,097	7,903
Other postemployment benefit costs	86,030	86,030	(38,424)	124,454
Employee group insurance	192,000	170,000	168,940	1,060
Payroll taxes	47,000	47,000	43,384	3,616
Retirement	36,000	36,000	(30,857)	66,857
Total personal services	837,030	815,030	611,140	203,890
Supplies and materials:				
Gasoline and oil	14,000	20,000	20,222	(222)
Office supplies and expense	2,000	2,000	988	1,012
Small tools	1,500	1,000	1,356	(356)
Total supplies and materials	17,500	23,000	22,566	434
Other services and charges:				
Insurance and bonds	37,000	37,000	34,257	2,743
Radio communications	14,500	14,500	14,169	331
Mobile read services	16,000	-	-	-
Repairs and maintenance:				
Truck and auto repairs	8,000	12,000	12,167	(167)
Seminars and schools	5,000	-	-	-
Total other services and charges	80,500	63,500	60,593	2,907
Total meter reading	935,030	901,530	694,299	207,231

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
WAREHOUSE AND METER SHOP				
Personal services:				
Salaries	219,000	200,000	197,036	2,964
Other postemployment benefit costs	31,291	31,291	(107,309)	138,600
Employee group insurance	57,000	50,500	49,124	1,376
Payroll taxes	21,700	18,500	18,011	489
Retirement	12,000	11,000	(9,764)	20,764
Total personal services	340,991	311,291	147,098	164,193
Supplies and materials:				
Gasoline and oil	4,200	4,200	5,111	(911)
Office supplies and expenses	3,500	3,500	2,962	538
Small tools	2,000	2,000	1,051	949
Hurricane supplies	-	7,500	6,880	620
Warehouse supplies	15,000	15,000	10,774	4,226
Total supplies and materials	24,700	32,200	26,778	5,422
Other services and charges:				
Freight	1,000	2,000	1,283	717
Insurance and bonds	16,000	16,000	13,711	2,289
Radio communication	6,100	6,100	5,871	229
Repairs and maintenance:				
Equipment and building repairs	7,500	7,500	7,844	(344)
Meter repair parts	3,000	-	282	(282)
Truck and auto repairs	750	750	10	740
Seminars and schools	1,000	1,000	724	276
Total other services and charges	35,350	33,350	29,725	3,625
Total warehouse and meter shop	401,041	376,841	203,601	173,240
ENGINEERING				
Personal services:				
Salaries	824,000	739,000	723,618	15,382
Other postemployment benefit costs	68,880	68,880	(115,703)	184,583
Employee group insurance	233,000	183,000	177,735	5,265
Payroll taxes	81,000	73,000	68,492	4,508
Retirement	58,000	55,000	(47,152)	102,152
Total personal services	1,264,880	1,118,880	806,990	311,890
Supplies and materials:				
Computer supplies	5,000	5,000	1,641	3,359
Gasoline and oil	10,000	16,000	15,965	35
Office supplies and expenses	12,000	4,500	4,451	49
Total supplies and materials	27,000	25,500	22,057	3,443

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
ENGINEERING (Continued)				
Other services and charges:				
GIS network	151,000	135,000	128,428	6,572
Insurance and bonds	43,000	39,000	37,753	1,247
Radio communications	15,000	15,000	13,951	1,049
Repairs and maintenance:				
Truck and auto repairs	10,000	21,000	21,852	(852)
Seminars and schools	20,000	10,000	14,321	(4,321)
Total other services and charges	239,000	220,000	216,305	3,695
Total engineering	1,530,880	1,364,380	1,045,352	319,028
OPERATIONS				
Other services and charges:				
Utilities	155,000	155,000	118,412	36,588
DISTRIBUTION AND FIELD CREWS				
Personal services:				
Salaries	953,000	953,000	906,940	46,060
Other postemployment benefit costs	157,447	157,447	(107,103)	264,550
Employee group insurance	336,000	275,000	267,118	7,882
Payroll taxes	94,000	94,000	86,443	7,557
Retirement	67,000	67,000	(59,129)	126,129
Total personal services	1,607,447	1,546,447	1,094,269	452,178
Supplies and materials:				
Chemicals	8,500	8,500	6,707	1,793
Gasoline and oil	25,000	40,000	39,818	182
Office supplies and expenses	5,000	5,000	1,517	3,483
Small tools	10,000	12,000	11,356	644
Total supplies and materials	48,500	65,500	59,398	6,102
Other services and charges:				
Backflow prevention program	-	-	-	-
Insurance and bonds	122,000	117,000	119,923	(2,923)
Radio communications	16,000	16,000	17,087	(1,087)
Repairs and maintenance:				
Distribution repairs - Hurricane Ida	-	420,000	323,935	96,065
Equipment and building maintenance	150,000	110,000	181,696	(71,696)
Truck and auto repairs	15,000	30,000	31,695	(1,695)
Watertower maintenance	50,000	70,000	70,181	(181)
Waterline maintenance	750,000	1,000,000	1,195,505	(195,505)
Seminars and schools	6,500	3,000	2,733	267
Uniforms	4,500	5,000	6,002	(1,002)
Total other services and charges	1,114,000	1,771,000	1,948,757	(177,757)
Total distribution and field crews	2,769,947	3,382,947	3,102,424	280,523

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
WATER PLANT				
Personal services:				
Salaries	1,280,000	1,250,000	1,219,503	30,497
Other postemployment benefit costs	143,966	143,966	(332,528)	476,494
Employee group insurance	354,000	310,000	301,626	8,374
Payroll taxes	126,200	120,000	116,229	3,771
Retirement	96,000	92,000	(81,114)	173,114
Total personal services	2,000,166	1,915,966	1,223,716	692,250
Supplies and materials:				
Chemicals	1,200,000	1,400,000	1,462,277	(62,277)
Generator fuel	15,000	30,000	27,682	2,318
Gasoline and oil	12,000	16,000	15,401	599
Office supplies and expense	23,000	23,000	21,174	1,826
Raw water	140,000	150,000	148,272	1,728
Small tools	2,000	2,000	1,297	703
Plant supplies	9,000	9,000	4,049	4,951
Total supplies and materials	1,401,000	1,630,000	1,680,152	(50,152)
Other services and charges:				
Freight	1,000	15,000	14,807	193
Insurance and bonds	232,000	222,000	239,630	(17,630)
Radio communications	24,000	24,000	18,973	5,027
Repairs and maintenance:				
Bayou Black reservoir maintenance	7,000	7,000	6,571	429
Building and equipment repairs -				
Hurricane Ida	-	100,000	86,082	13,918
Plant maintenance	225,000	360,000	265,769	94,231
Tractor repairs	3,000	3,000	1,102	1,898
Truck and auto repairs	5,000	5,000	4,781	219
Seminars and schools	5,000	7,500	6,597	903
Telephone	-	-	4,917	(4,917)
Uniforms	-	-	-	-
Utilities	575,000	615,000	676,341	(61,341)
Total other services and charges	1,077,000	1,358,500	1,325,570	32,930
Total water plant	4,478,166	4,904,466	4,229,438	675,028
BAC-T-LAB				
Personal services:				
Salaries	260,000	275,000	274,412	588
Other postemployment benefit costs	23,898	23,898	(78,533)	102,431
Employee group insurance	85,000	85,000	79,300	5,700
Payroll taxes	25,750	26,000	25,801	199
Retirement	19,500	20,500	(18,293)	38,793
Total personal services	414,148	430,398	282,687	147,711

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
BAC-T-LAB (Continued)				
Supplies and materials:				
Computer supplies	-	-	-	-
Gasoline and oil	8,000	10,000	10,650	(650)
Lab supplies	30,000	30,000	34,053	(4,053)
Office supplies and expense	7,250	7,250	6,844	406
Total supplies and materials	45,250	47,250	51,547	(4,297)
Other services and charges:				
Freight	1,000	1,000	-	1,000
Insurance and bonds	22,000	22,000	22,333	(333)
Janitorial services	8,000	8,000	7,742	258
Lab analysis	30,000	30,000	23,205	6,795
Radio communications	13,500	13,500	11,299	2,201
Repairs and maintenance:				
Equipment and building repairs	8,000	8,000	16,943	(8,943)
Truck and auto repairs	4,000	4,000	2,409	1,591
Seminars and schools	7,000	-	60	(60)
Telephone	-	-	1,714	(1,714)
Utilities	9,500	9,500	9,049	451
Total other services and charges	103,000	96,000	94,754	1,246
Total Bac-T-Lab	562,398	573,648	428,988	144,660
Totals	<u>\$ 13,359,966</u>	<u>\$ 14,224,416</u>	<u>\$ 11,955,963</u>	<u>\$ 2,268,453</u>
OPERATING EXPENSES				
Personal services	\$ 7,879,066	\$ 7,541,416	\$ 5,139,176	\$ 2,402,240
Supplies and materials	1,684,950	1,956,450	2,002,432	(45,982)
Other services and charges	3,795,950	4,726,550	4,814,355	(87,805)
Total operating expenses	<u>\$ 13,359,966</u>	<u>\$ 14,224,416</u>	<u>\$ 11,955,963</u>	<u>\$ 2,268,453</u>

**SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS -
RESTRICTED ACCOUNTS REQUIRED BY REVENUE BOND ORDINANCES**

**Consolidated Waterworks District No. 1 of the Parish of Terrebonne
State of Louisiana**

For the year ended June 30, 2022

	<u>Totals</u>	<u>Revenue Bond Sinking Fund</u>	<u>Bond Reserve Fund</u>	<u>Depreciation and Contingencies Fund</u>
Cash and cash equivalents July 1, 2021	\$ 8,364,199	\$ 1,438,880	\$ 2,094,379	\$ 4,830,940
Receipts:				
Transfers from the District	<u>3,703,542</u>	<u>2,605,746</u>	<u>-</u>	<u>1,097,796</u>
Total assets available	<u>12,067,741</u>	<u>4,044,626</u>	<u>2,094,379</u>	<u>5,928,736</u>
Disbursements:				
Retirement of matured bonds	1,924,000	1,924,000	-	-
Payment of matured interest coupons	583,732	583,732	-	-
Payment of administrative fees on bonds	13,765	13,765	-	-
Transfers to the District	800,000	-	-	800,000
Capital asset purchases	<u>440,167</u>	<u>-</u>	<u>-</u>	<u>440,167</u>
Total disbursements	<u>3,761,664</u>	<u>2,521,497</u>	<u>-</u>	<u>1,240,167</u>
Cash and cash equivalents June 30, 2022	<u>\$ 8,306,077</u>	<u>\$ 1,523,129</u>	<u>\$ 2,094,379</u>	<u>\$ 4,688,569</u>

SCHEDULE OF INSURANCE IN FORCE**Consolidated Waterworks District No. 1 of the Parish of Terrebonne
State of Louisiana**June 30, 2022
(Unaudited)

<u>Insurer</u>	<u>Type of Coverage</u>	<u>Amount of Insurance</u>	<u>Expiration Date</u>
Tokio Marine Specialty Insurance Company	Automobile liability	\$1,000,000	July 1, 2022
Tokio Marine Specialty Insurance Company	General liability	\$3,000,000	July 1, 2022
Tokio Marine Specialty Insurance Company	General liability	\$10,000,000	July 1, 2022
Retailer's Casualty Insurance Company	Workers' compensation	\$1,000,000	July 1, 2022
Tokio Marine Specialty Insurance Company	Combined building and personal property	Blanket Limit as Per Schedule	July 1, 2022
Tokio Marine Specialty Insurance Company	Public employee dishonesty, forgery or alteration, theft, disappearance, and destruction	\$100,000	July 1, 2022
Tokio Marine Specialty Insurance Company	Computer equipment and software	\$409,000	July 1, 2022
Indian Harbor Insurance Company	Pollution liability	\$1,000,000	July 1, 2022
American Bankers Insurance	Flood	\$500,000	August 1, 2022
Tokio Marine HCC	Cyber liability	\$2,000,000	July 1, 2022

WATER CUSTOMERS

**Consolidated Waterworks District No. 1 of the Parish of Terrebonne
State of Louisiana**

June 30, 2022
(Unaudited)

Records maintained by the District indicated 43,124 water customers as of June 30, 2022.

There were no unmetered customers.

SCHEDULE OF COST PER SERVICE INSTALLATION**Consolidated Waterworks District No. 1 of the Parish of Terrebonne
State of Louisiana**For the year ended June 30, 2022
(Unaudited)**Field Crew Overhead**

Chemicals	\$ 6,707
Depreciation expense	42,135
Employee group insurance	267,118
Equipment repairs	181,696
Gasoline and oil	39,818
Insurance and bonds	119,923
Other post employment benefit costs	(107,103)
Office supplies and expenses	1,517
Payroll taxes	86,443
Radio communications	17,087
Retirement	(59,129)
Seminars and schools	2,733
Small tools	11,356
Truck and auto repairs	31,695
Uniforms	6,002
Watertower maintenance	70,181

Total field crew overhead	718,179
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Service installation salaries as a percentage of total field crew salaries (\$33,893/\$906,940)	3.74%
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Field crew overhead applicable to service installations	26,839
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Administrative Overhead

Total administrative costs	745,018
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Service installation salaries/total salaries excluding administrative salaries (\$33,893/\$4,178,812)	0.81%
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Administrative overhead applicable to service installations	6,043
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Total service installation overhead costs	\$ 32,881
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Calculation of Average Cost per Service Installation

Service installation work order costs	\$ 135,305
Labor and equipment contractor for service installation	22,153
Total service installation overhead costs	<u>32,881</u>
Total service installation costs	190,339
Number of service installations	<u>231</u>
Average cost per service installation	<u><u>\$ 824</u></u>

SCHEDULE OF COST OF WATER PRODUCED
AND CONTRACT PRICE OF WATER TO BE SOLD TO
LAFOURCHE PARISH WATER DISTRICT NO. 1

Consolidated Waterworks District No. 1 of the Parish of Terrebonne
State of Louisiana

For the year ended June 30, 2022
(Unaudited)

Costs (From Annual Report)

Water plant expense	\$ 4,229,438
Administrative (25% of total)	234,165
Engineering (25% of total)	261,338
Bac-T-Lab (25% of total)	107,247
Depreciation - water filter	212,333
Depreciation - plant and equipment	<u>782,007</u>

Total costs	<u><u>\$ 5,826,529</u></u>
-------------	----------------------------

Water Produced (Thousand Gallons)

Net production per Waterworks District No. 1's records	\$ 5,714,155
Less 10% per terms of contract	<u>(571,416)</u>

Net production (thousand gallons) - Unaudited	<u><u>\$ 5,142,739</u></u>
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Cost Per Thousand Gallons

\$ 1.13296

Additions to Cost

Greater of 40% of cost or five cents per thousand gallons	<u>0.45318</u>
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Total Contract Price Per Thousand Gallons

\$ 1.58615

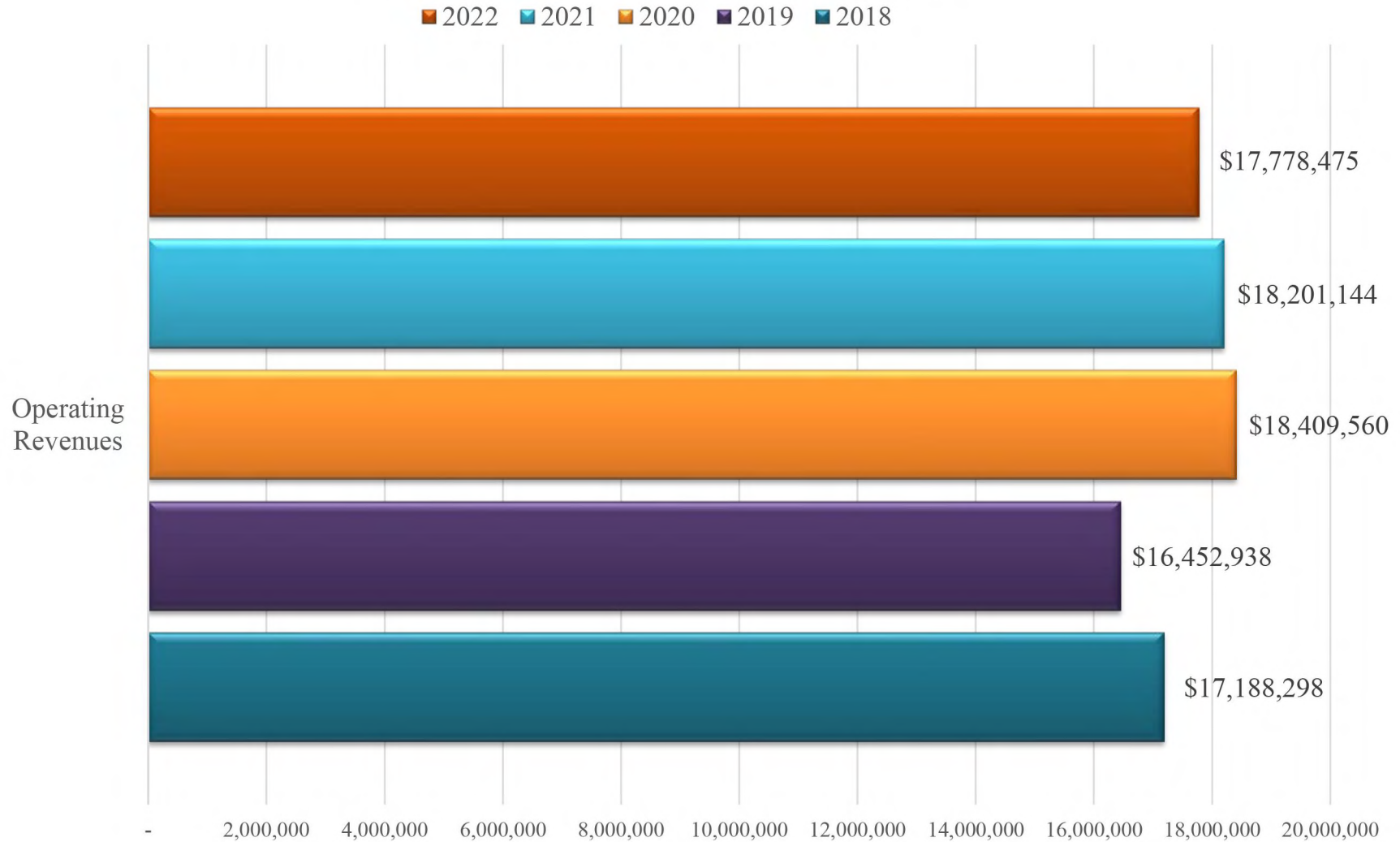
SCHEDULE OF OPERATING REVENUES AND OPERATING EXPENSES**Consolidated Waterworks District No. 1 of the Parish of Terrebonne
State of Louisiana**

For the years ended June 30, 2022, 2021, 2020, 2019, and 2018

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
OPERATING REVENUES	<u>\$ 17,778,475</u>	<u>\$ 18,201,144</u>	<u>\$ 18,409,560</u>	<u>\$ 16,452,938</u>	<u>\$ 17,188,298</u>
OPERATING EXPENSES					
Personal services	\$ 5,139,176	\$ 5,814,129	\$ 6,579,249	\$ 6,887,158	\$ 6,533,510
Supplies and materials	2,002,432	1,785,230	1,699,644	1,652,934	1,712,994
Other services and charges	4,814,355	3,972,648	3,255,312	3,466,662	3,683,579
Depreciation and amortization	<u>3,726,534</u>	<u>3,715,873</u>	<u>3,716,825</u>	<u>3,699,560</u>	<u>3,450,734</u>
Totals	<u>\$ 15,682,497</u>	<u>\$ 15,287,880</u>	<u>\$ 15,251,030</u>	<u>\$ 15,706,314</u>	<u>\$ 15,380,817</u>

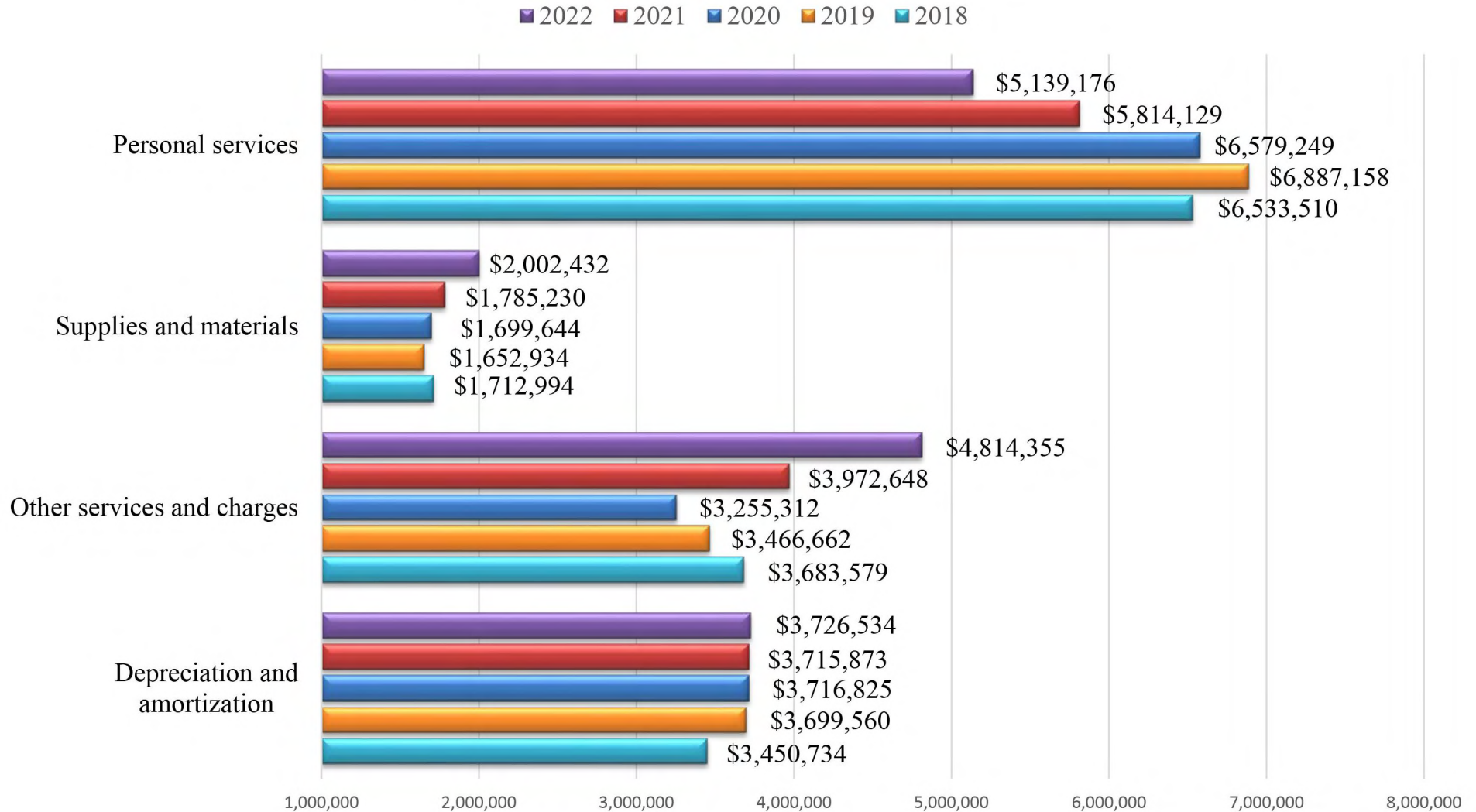
OPERATING REVENUES**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**

For the years ended June 30, 2022, 2021, 2020, 2019, and 2018



OPERATING EXPENSES**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**

For the years ended June 30, 2022, 2021, 2020, 2019, and 2018



SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners,
Consolidated Waterworks District No. 1
of Terrebonne, State of Louisiana,
Houma, Louisiana.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana, (the “District”), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated December 14, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (“internal control”) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the District’s financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weakness or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion of the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Governmental Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Bourgeois Bennett, L.L.C." in a cursive script.

Certified Public Accountants.

Houma, Louisiana,
December 14, 2022.

SCHEDULE OF FINDINGS AND RESPONSES

Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana

For the year ended June 30, 2022

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be a material weakness? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

b) Federal Awards

The District did not expend Federal awards in excess of \$750,000 during the year ended June 30, 2022 and, therefore, is exempt from the audit requirements under the Uniform Guidance.

Section II Financial Statement Findings

Internal Control

There were no financial statement internal control findings reported during the audit for the year ended June 30, 2022.

Compliance

There were no financial statement compliance findings reported during the audit for the year ended June 30, 2022

Section III Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana

For the year ended June 30, 2022

Section I Internal Control and Compliance Material to the Basic Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended June 30, 2021.

No significant deficiencies were reported during the audit for the year ended June 30, 2021.

Compliance

No compliance findings material to the financial statements were noted during the audit for the year ended June 30, 2021.

Section II Federal Award Findings and Questioned Costs

There were no federal award findings or questioned costs reported the year ended June 30, 2021.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2021.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana

For the year ended June 30, 2022

Section I Internal Control and Compliance Material to the Basic Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended June 30, 2022.

No significant deficiencies were reported during the audit for the year ended June 30, 2022.

Compliance

No compliance findings material to the financial statements were noted during the audit for the year ended June 30, 2022.

Section II Federal Award Findings and Questioned Costs

The District did not expend Federal awards in excess of \$750,000 during the year ended June 30, 2022 and, therefore, is exempt from the audit requirements under the Uniform Guidance.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2022.

STATEWIDE AGREED-UPON PROCEDURES

INDEPENDENT ACCOUNTANT’S REPORT ON
APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners,
Consolidated Waterworks District No. 1,
of the Parish of Terrebonne, State of Louisiana,
Houma, Louisiana.

We have performed the procedures described in Schedule 13 on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor’s (LLA) Statewide Agreed-Upon Procedures (SAUP) for the fiscal period July 1, 2021 through June 30, 2022. Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana (the “District”) management is responsible for those C/C areas identified in the SAUPs.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in the LLA’s SAUPs for the fiscal period July 1, 2021 through June 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are described in Schedule 13.

We were engaged by the District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with the attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on these C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the District and to meet out other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statue 24:513, this report is distributed by the LLA as a public document.

Bourgeois Bennett, L.L.C.

Certified Public Accountants

Houma, Louisiana,
December 14, 2022.

**SCHEDULE OF PROCEDURES AND ASSOCIATED
FINDINGS OF THE STATEWIDE AGREED-UPON PROCEDURES**

Consolidated Waterworks District No. 1

For the year ended June 30, 2022

The required procedures and our findings are as follows:

Procedures Performed on the District's Written Policies and Procedures:

1. Obtain and inspect the District's written policies and procedures and observe that they address each of the following categories and subcategories if applicable to public funds and the District's operations:
 - a) Budgeting, including preparing, adopting, monitoring, and amending the budget.
 Performance: Obtained and read the District's budgeting policy.
 Exceptions: The budgeting policy does not contain a provision for monitoring the budget.
 - b) Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
 Performance: Obtained and read the written policy for purchasing and found it to address all the functions listed above.
 Exceptions: There were no exceptions noted.
 - c) Disbursements, including processing, reviewing, and approving.
 Performance: Obtained and read the written policy for disbursements and found it to address all the functions listed above.
 Exceptions: There were no exceptions noted.
 - d) Receipts/Collections, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of each type of revenue or agent fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 Performance: Obtained and read the written policy for receipts.
 Exceptions: The receipts/collections policy does not contain a provision for the recording of deposits.

Procedures Performed on the District's Written Policies and Procedures: (Continued)

- e) Payroll/Personnel, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
Performance: Obtained and read the District's payroll/personnel policy and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.
- f) Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
Performance: Obtained and read the District's contracting policy and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.
- g) Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
Performance: Obtained and read the District's credit card policy and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.
- h) Travel and Expense Reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
Performance: Obtained and read the written policy for travel and expense reimbursement and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.
- i) Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42: 1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the District's ethics policy.
Performance: Obtained and read the District's ethics policy.
Exceptions: The District's ethics policy does not contain the following provisions: (2) actions to be taken if an ethics violation takes place, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the District's ethics policy.
- j) Debt Service, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
Performance: Obtained and read the District's debt service policy and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.

Procedures Performed on the District's Written Policies and Procedures: (Continued)

- k) Information Technology Disaster Recovery/Business Continuity, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Performance: Inquired about the District's information technology disaster recovery/business continuity policy.

Exceptions: The District does not have an information technology disaster recovery/business continuity policy.

- l) Sexual Harassment, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Performance: Inquired about the District's written sexual harassment policy.

Exceptions: The District does not have a sexual harassment policy.

Procedures Performed on the District's Board or Finance Committee:

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

Performance: Obtained and read the written minutes of the Board meetings. The Board is required to meet twice every month. All meetings held had a quorum.

Exceptions: There were no exceptions noted.

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

Performance: Obtained and read the written minutes of all Board meetings.

Exceptions: The minutes do not reference budget to actual financial comparisons, which are typically done quarterly.

Procedures Performed on the District's Board or Finance Committee: (Continued)

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Performance: Because the District uses proprietary funds, they have a net position instead of a fund balance. Therefore, this procedure is not applicable.

Exceptions: There were no exceptions noted.

Procedures Performed on the District's Bank Reconciliations:

3. Obtain a listing of the District's bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the main operating account. Select the District's main operating account and select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

Performance: Obtained the listing of bank accounts from management and received management's representation that the listing was complete in a separate letter.

Exceptions: There were no exceptions noted.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

Performance: Obtained monthly bank reconciliation for the month of June for the operating bank account and 4 additional accounts selected and observed for evidence that they were prepared within 2 months of the statement closing date.

Exceptions: There were no exceptions noted.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Performance: Inspected the District's documentation for the June bank reconciliation for all bank accounts for evidence of review.

Exceptions: There were no exceptions noted.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Performance: Inspected documents for items outstanding for more than 12 months. We noted 2 checks outstanding for longer than 12 months as of the end of the fiscal period.

Management had documented research supporting these 2 checks.

Exceptions: There were no exceptions noted.

Procedures Performed on the District's Collections (Excluding Electronic Funds Transfers):

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/check/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Performance: Obtained the listing of deposit sites from management and received management's representation that the listing was complete in a separate letter. The District has 1 deposit site.

Exceptions: There were no exceptions noted.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

Performance: Obtained the listing of collection locations from management and received management's representation that the listing was complete in a separate letter. The District has one collection location.

Exceptions: There were no exceptions noted.

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

Performance: Inspected policy manuals, inquired of management, and observed that the District's tellers each have their own cash drawer.

Exceptions: There were no exceptions noted.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee or official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

Performance: Inspected policy manuals, inquired of management, and observed employees collecting cash are not responsible for preparing/making deposits.

Exceptions: There were no exceptions noted.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

Performance: Inspected policy manuals, inquired of management, and observed that employees collecting cash do not make general ledger postings.

Exceptions: There were no exceptions noted.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

Performance: Inspected policy manuals, inquired of management, and observed employees collecting cash do not reconcile cash collections to the general ledger.

Exceptions: There were no exceptions noted.

**Procedures Performed on the District's Collections (Excluding Electronic Funds Transfers):
(Continued)**

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was enforced during the fiscal period.

Performance: Obtained a listing of all employees who have access to cash and inquired of management if these employees are covered by a bond or insurance policy for theft.

Observed that the bond or insurance policy was enforced during the fiscal period.

Exceptions: There were no exceptions noted.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedures #3 under "Procedures Performed on the District's Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

Performance: Obtained supporting documentation for the selected deposits and observed that the cash receipt log is maintained in chronological order.

Exceptions: There were no exceptions noted.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Performance: Traced supporting documentation to the deposit slip.

Exceptions: There were no exceptions noted.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

Performance: Traced deposit slip total to actual deposit per bank statement.

Exceptions: There were no exceptions noted.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and cash is stored securely in a locked safe or drawer).

Performance: Observed that the deposits tested were made within one business day of receipt or within one week if the depository is more than 10 miles from collection location or the deposit is less than \$100.

Exceptions: There were no exceptions noted.

- e) Trace the actual deposit per the bank statement to the general ledger.

Performance: Traced the actual deposit per the bank statement to the general ledger.

Exceptions: There was no exception noted.

Procedures Performed on the District's Non-Payroll Disbursements (Excluding Card Purchases/Payments, Travel Reimbursements, and Petty Cash Purchases)

8. Obtain a listing of locations that process payments for the fiscal period, and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Performance: Obtained a listing of locations that process payments from management and management's representation that the listing is complete in a separate letter. The District has only 1 location that processes payments.

Exceptions: There were no exceptions noted.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the District has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

Performance: Obtained a listing of employees involved in non-payroll purchasing and payment functions and received management's representation in a separate letter that the listing is complete and observed that job duties are properly segregated.

Exceptions: There were no exceptions noted.

- a) At least 2 employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Performance: Obtained a listing of employees involved in initiating a purchase request, approving a purchase, and placing an order/making a purchase. Observed at least 2 employees are involved.

Exceptions: There were no exceptions noted.

- b) At least 2 employees are involved in processing and approving payments to vendors.

Performance: Obtained a listing of employees involved in processing and approving payments to vendors. Observed at least 2 employees are involved.

Exceptions: There were no exceptions noted.

- c) The employees responsible for processing payments is prohibited from adding/modifying vendor files unless another employee is responsible for periodically reviewing changes to vendor files.

Performance: Obtained a listing of employees involved in processing payments to vendors. Observed if any employees involved are adding/modifying vendor files.

Exceptions: There were no exceptions noted.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Performance: Obtained a listing of employees involved with signing and mailing checks and noted person responsible for processing payments does not mail the checks.

Exceptions: There were no exceptions noted.

Procedures Performed on the District's Non-Payroll Disbursements (Excluding Card Purchases/Payments, Travel Reimbursements, and Petty Cash Purchases) (Continued)

10. For each location selected under #8 above, obtain the District's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
- Performance: Obtained the District's general ledger for the fiscal period and management's representation that the population is complete.
- Exceptions: There were no exceptions noted.
- a) Observe that the disbursement matched the related original itemized invoice, and that supporting documentation indicates that deliverables included on the invoice were received by the District.
- Performance: Obtained the disbursement documentation and observed that the disbursement and the related original invoice agreed and that there was evidence that the deliverables were received.
- Exceptions: There were no exceptions noted.
- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.
- Performance: Observed the 5 disbursements included evidence of segregation of duties.
- Exceptions: There were no exceptions noted.

Procedures Performed on the District's Credit Cards, Debit Cards, Fuel Cards, P-Cards:

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-Cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- Performance: Obtained from management a listing of all active credit cards, bank debit cards, fuel cards and P-cards for the fiscal period, including the card numbers and the names of the persons who maintain possession of the cards and received management's representation that the listing was complete in a separate letter.
- Exceptions: There were no exceptions noted.
12. Using the listing prepared by management, select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

Procedures Performed on the District's Credit Cards, Debit Cards, Fuel Cards, P-Cards:
(Continued)

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, (or electronically approved), by someone other than the authorized card holder.

Performance: Inquired of management for a listing of all active credit cards, bank debit cards, fuel cards, and P-cards for the fiscal period and examined evidence that the statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

Exception: There were no exceptions noted.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

Performance: Observed finance charges and late fees were not assessed on the selected statements.

Exceptions: There were no exceptions noted.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by:

- a) An original itemized receipt that identifies precisely what was purchased.

Performance: Observed that transactions were supported by original itemized receipts that identify precisely what was purchased.

Exceptions: There were no exceptions noted.

- b) Written documentation of the business/public purpose.

Performance: Observed that each transaction includes written documentation of the business/public purpose.

Exceptions: There were no exceptions noted.

- c) Documentation of the individuals participating in meals (for meal charges only).

Performance: Observed transactions for any meal charges and documentation of the individual participating in the meals. There were no meal charges noted.

Exceptions: There were no exceptions noted.

**Procedures Performed on the District's Travel and Travel-Related Expense Reimbursements
(Excluding Card Transactions)**

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

Performance: Obtained general ledger for travel and travel-related expense reimbursements and management's representation that the listing was complete.

Exceptions: There were no exceptions noted.

- a) If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Performance: Obtained supporting documentation supporting travel and travel-related expense reimbursements. No reimbursements using per diem were noted.

Exceptions: There were no exceptions noted.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Performance: Observed that expenses using actual costs were supported by an itemized receipt that identifies what was purchased.

Exceptions: There were no exceptions noted.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedures #lh).

Performance: Inspected supporting documentation for meal and travel and travel-related expense reimbursements and observed that documentation included business purpose and names of those participating in the meals.

Exceptions: There were no exceptions noted.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving the reimbursement.

Performance: Inspected supporting documentation for travel and travel-related expense reimbursements and observed that documentation included approval by someone other than the person receiving the reimbursement.

Exceptions: 1 of the 5 reimbursements tested did not have evidence of approval on the reimbursement form.

Procedures Performed on the District's Contracts:

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract and:

Performance: Obtained the listing of all contracts initiated or renewed during the fiscal year from management and received management's representation of completeness in a separate letter.

Exceptions: There were no exceptions noted.

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Performance: Inspected supporting contract documentation and inquired of client about any contracts subject to Louisiana Public Bid Law. Two contracts were subject to Louisiana Public Bid Law and were bid in accordance with Louisiana Public Bid Law.

Exceptions: There were no exceptions noted.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

Performance: Read board meeting minutes and confirmed the board approved the selected contracts.

Exceptions: There were no exceptions noted.

- c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment was approval documented).

Performance: Inspected contracts and inquired of management about amendments to contracts in the fiscal year. No contracts were amended in the fiscal year.

Exceptions: There were no exceptions noted.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Performance: Obtained supporting documentation for payments for each contract and agreed payments to terms of the contract.

Exceptions: There were no exceptions noted.

Procedures Performed on the District's Payroll and Personnel:

16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Performance: Obtained the listing of employees with their related salaries from management and received management's representation in a separate letter. Randomly selected 5 employees and agreed paid salaries to authorized salaries or pay rates per the personnel files.

Exceptions: There were no exceptions noted.

17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under # 16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

Performance: Inspected time records for documentation of attendance and leave during the period.

Exceptions: There were no exceptions noted.

- b) Observe that supervisors approved the attendance and leave of the selected employees or officials.

Performance: Inspected time records for the approval of attendance and leave by the supervisors for the selected employee.

Exceptions: There were no exceptions noted.

- c) Observe that any leave accrued or taken during the pay period is reflected in the District's cumulative leave records.

Performance: Observed that any leave accrued or taken during the pay period was reflected in the cumulative leave records.

Exceptions: There were no exceptions noted.

- d) Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Performance: Inspected and agreed the rate paid to employees to the authorized salary/pay rate found within the personnel file.

Exceptions: There were no exceptions noted.

Procedures Performed on the District's Payroll and Personnel: (Continued)

18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, and the District's policy on termination payments. Agree the hours to the employees' or officials' cumulative leave records, agree the pay rates to the employees' or officials' authorized pay rates in the employees' or officials' personnel files and agree the termination payment to the District's policy.

Performance: Obtained a listing of employees terminated during the fiscal period from management and received management's representation that the list is complete in a separate letter. Agreed the hours to the employees' cumulative leave records, agreed the pay rates to the employees' authorized pay rates in the employees' personnel files and agreed the termination payment to the District's policy.

Exceptions: There were no exceptions noted.

19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll, taxes, retirement contributions, health insurance premiums, garnishments, and workers' compensation premiums, etc.) have been paid, and associated forms have been filed, by required deadlines.

Performance: Obtained management's representation of the timely filing of payroll forms and inspected forms confirming all payments were made and forms were submitted to the applicable agencies by required deadlines.

Exceptions: There were no exceptions noted.

Procedure Performed on the District's Ethics:

20. Using the 5 randomly selected employees/officials from procedure #16 under "Procedures Performed on the District's Payroll and Personnel", obtain ethics documentation from management and:

- a) Observe that the documentation demonstrates each employee or official completed one hour of ethics training during the fiscal period.

Performance: Observed the ethics course completion certificates were maintained for the 5 employees tested.

Exceptions: There were no exceptions noted.

- b) Observe that the District maintains documentation which demonstrates each employee or official were notified of any changes to the District's ethics policy during the fiscal period, as applicable.

Performance: Inquired of management about any changes to the District's ethics policy.

There were no changes to the ethics policy noted.

Exceptions: There were no exceptions noted.

Procedures Performed on the District's Debt Service:

21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that the State Bond Commission approval was obtained for each bond/note issued.

Performance: Inquired of management regarding a listing of bonds/notes issued during the fiscal period and obtained management's representation in a separate letter. There were no bonds/notes or other debt instruments issued during the fiscal period.

Exceptions: There were no exceptions noted.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing of bonds/notes and other debt instruments is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived assets funds, or other funds required by the debt covenants).

Performance: Obtained a listing of bonds/notes outstanding at the end of the fiscal period, received management's representation the listing is complete in a separate letter. Inspected bond documents for debt covenants and tested for compliance with the covenants.

Exceptions: There were no exceptions noted.

Procedures Performed on the District's Fraud Notice:

23. Obtain a listing of misappropriations of public funds or assets during the fiscal period, and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the District's reported the misappropriations(s) to the legislative auditor and the District attorney of the parish in which the District is domiciled.

Performance: Inquired of management of any misappropriations of public funds or assets, none were noted.

Exceptions: There were no exceptions noted.

24. Observe that the District has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Performance: Observed that the fraud notice is posted on the premises and website concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Exceptions: There were no exceptions noted.

Procedures Performed on the District's Information Technology Disaster Recovery/Business Continuity:

25. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management".

- a) Obtain and inspect the District's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

Performance: We performed the procedures and discussed the results with management.

- b) Obtain and inspect the District's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

Performance: We performed the procedures and discussed the results with management.

- c) Obtain a listing of the District's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Performance: Obtained a listing of computers currently in use and their related locations.

We performed the procedures and discussed the results with management.

Procedures Performed on the District's Sexual Harassment:

26. Using the 5 randomly selected employees/officials from procedure #16 under "Procedures Performed on the District's Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

Performance: Examine sexual harassment training documentation for the 5 employees tested.

Exceptions: There were no exceptions noted.

27. Observe the District has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the District's premises if the District does not have a website).

Performance: Inquired of management regarding the sexual harassment policy and complaint procedure on its website or on the District's premise.

Exceptions: The District does not have a Sexual Harassment policy; therefore, no sexual harassment policy was posted on its website or in a conspicuous location on the District's premises.

Procedures Performed on the District's Sexual Harassment: (Continued)

28. Obtain the District's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:
- a) Number and percentage of public servants in the District who have completed the training requirements.
Performance: Obtained annual sexual harassment report and observed that it included the provision listed above.
Exceptions: There were no exceptions noted.
 - b) Number of sexual harassment complaints received by the District.
Performance: Obtained annual sexual harassment report and observed that it included the provision listed above.
Exceptions: There were no exceptions noted.
 - c) Number of complaints which resulted in a finding that sexual harassment occurred;
Performance: Obtained annual sexual harassment report and observed that it included the provision listed above.
Exceptions: There were no exceptions noted.
 - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action.
Performance: Obtained annual sexual harassment report and observed that it included the provision listed above.
Exceptions: There were no exceptions noted.
 - e) Amount of time it took to resolve each complaint.
Performance: Obtained annual sexual harassment report and observed that it included the provision listed above.
Exceptions: There were no exceptions noted.

Management's Overall Response to Exceptions:

- 1a. Management will consider adding the required provision to the existing budgeting policy.
- 1d. Management will consider adding the required provision to the existing receipts/collections policy.
- 1i. Management will consider adding the required provisions to the existing ethics policy.
- 1k. Management will develop and the Board will adopt an information technology disaster recovery/business continuity policy.
- 1l. Management will develop and the Board will adopt a sexual harassment policy.

Management's Overall Response to Exceptions: (Continued)

- 2b. Management will permanently include/reference budget-to-actual comparisons in the minutes.
- 14d. Management will ensure all reimbursement forms are approved in writing by the appropriate individual.
- 27. Management will adopt a sexual harassment policy and complaint procedure and post it on its premises and website.